

Uneven Wage Growth and Public Goods

The Case of US Public Education

Ebba Mark

Abstract

Explores the effect of uneven industrial growth on public education expenditure through its effect on local property values in the US. The work aims to illuminate the elasticity of public education expenditure to changes in local livelihoods and economic conditions with implications for the delivery of public services in a political economy defined by an uneven industrial landscape and greater income and wealth inequality. Employing various methods to account for observed and unobserved heterogeneity in state-level tax regimes, income, and economic growth rates we find that this heterogeneity almost entirely determines the elasticity of public education expenditure to uneven wage growth....[These results provide insight into region- and state-specific adjustments that can be made to ensure that uneven economic development and structural transformation does not exacerbate existing inequalities in public service delivery in the United States...]

Table of contents

1 Working Notes	2
2 Introduction	2
2.1 Uneven Wage Growth	3
2.2 Uneven Public Goods Expenditure	3
2.3 Public Education Expenditure	3
3 Data	4
3.1 Summary statistics	5
4 Analysis	6
4.1 Descriptive Regressions	6
4.1.1 Baseline	6
4.2 Instrumental Variable Approach	11
4.2.1 Shift-share Instrument	12
4.3 Accounting for Heterogeneity	22
4.3.1 Declining vs. Growing Regions	23
4.3.2 Baseline Models	29
4.3.3 IV Models	29
4.3.4 High-income Outliers	29
4.3.5 State-by-state estimation	48
4.3.6 Quantile Regression	72

5 Results	74
6 Discussion	74
7 Conclusion	74
8 Appendix	74
.1 Descriptive Regression Results	74
.1.1 Property Tax ~ GDP	75
.1.2 Education Expenditure ~ Revenue Sources	76
.1.3 Education Expenditure ~ GDP	77
.2 Key Relationships between Economic Variables	78
.3 Panel VAR Specification	79

1 Working Notes

The following are notes to keep in mind while the project is still underway.

The following document summarises the progress made thus far on Chapter 1: Local Fiscal Risks of Decarbonisation of my DPhil. The work aims to pursue a better understanding of how industrial transformation impacts local well-being. From an original interest in looking at all aspects of local public finance, the project has narrowed to focus on expenditure on public education and its connection to industrial prosperity and transformation.

Current strategy/research plan:

1. Outcome: Educational Expenditure
2. Treatment (endogenous): Wages, Economic Growth, Property Values, Property Taxes
3. Instrument: Industry Shares of Employment in high vs. low wage growth industries/sectors

Items to be adjusted:

- AR(1) bias correction to account for fixed effect interaction.
- Include additional control variables (migration, poverty, race, rurality, home ownership rates, private school enrollment)
- Spatial autocorrelation term
- Run gets on central model with CFESIS (preliminary testing indicates coefficient breaks in 2006 and 2013 which neatly bookends the financial crisis/housing market collapse - interesting?)
- Separate shift-share on more granular industrial categories (ie. high and low-wage areas correcting for local CPI)

Note: Any warnings about “missing observations” or “NA being removed” relates to the lags incorporated, except in the Bartik estimations.

2 Introduction

Though considerable debate has recently been stoked in the United States regarding the inherent value of public goods provision, majority of developed economies around the world agree on the importance of securing a reasonable standard of living for all.

2.1 Uneven Wage Growth

2.2 Uneven Public Goods Expenditure

One channel through which such challenges will present themselves is the potential hollowing out of local public revenues. In many parts of the United States, local well-being is heavily cointegrated with industrial prosperity and stability, not least through the channel of public expenditure. US revenues from fossil fuels generated about \$138 billion annually for US localities, states, tribes, and the federal government Raimi et al. (2022) . This amount is forecast to decline by 2050 even in a business-as-usual scenario (assuming no changes in climate policy stringency). Wyoming, North Dakota, Alaska, and New Mexico are the states most dependent on fossil fuel revenues with at least 14% of state and local revenues generated from the fossil fuel industry (Wyoming's dependence is above 50%). The work makes a demonstrative statement about the link between this revenue stream and essential services like schools, public health, and infrastructure, but stops short of an empirical analysis into the impact of fossil fuel decline on revenues and associated expenditure, even at the state level.

Furthermore, (adding insult to injury) community well-being and public expenditure in the US is already characterised by a high degree of spatial heterogeneity. Not only does the US consistently rank among the top 5 most unequal OECD countries ¹.

2.3 Public Education Expenditure

One public service that has particularly important ties to ensuring generational resilience to economic decline is education. Public schools around the US are responsible for educating over 80% of school-age children. In 2019, governments around the US (including the federal government) spent a total of \$870 billion on public education, roughly \$17,013 per pupil National Center for Education Statistics (2023) . However, the quality of services delivered varies widely across the country. ²

The quality of public education, especially at an early age, can have long-lasting consequences for personal and economic well-being over an individual's lifetime as well as generations following them Alfonso and DuPaul (2020) . Therefore, ensuring that local or regional economic decline does not disrupt or worsen the quality of education delivered to resource-dependent communities will be of paramount importance in a net-zero transition. ³ ⁴

¹The US consistently ranks among the top 5 most unequal countries in the OECD alongside Turkey, Mexico, Chile, and Costa Rica across all relevant indicators reported by the OECD: Gini coefficient, three interdecile income ratios (P50/P10; P90/P10; P90/P50), Palma ratio, S80/S20 quintile share.}, this inequality is further reflected in uneven and unequal quality of infrastructure, education, healthcare leading to real consequences for particular people and places Chetty et al. (2016), Logan, Minca, and Adar (2012), Semuels (2016), Avanceña et al. (2021), Flavin et al. (2009) .

²In 2016, for example, the Connecticut State Department of Education reported that the town of Greenwich, one of the highest-income towns in the country, spent \\$8,000 more per pupil than Bridgeport (\\$21.9k versus \\$13.7k per pupil), despite both towns being part of the same county, located less than 40 kilometers apart Semuels (2016) .

³Perhaps the most prominent and often-cited relationship between education and extractive industries is through the lens of the 'resource curse.' The validity and empirical existence of a 'resource curse' has been tested since its conception with disparate results Wiens, Poast, and Clark (2014). The literature is divided into two strands focusing on either political (the relationship between resource wealth and governance) Deacon (2011) or economic (the relationship between resource wealth and economic growth or human capital) resource curses. Empirical investigation of the economic resource curse has explored the effect of resource dependence on economic growth, public health and education expenditure and outcomes, mainly at a national level Sincovich et al. (2018). In the case of education, the distinct outcome measured is level of educational attainment, in other words, whether the presence of a booming resource extraction economy provides disincentives to education for young people. It is worth noting that this literature has been repeatedly questioned on theoretical and conceptual grounds as institutional context often dictates whether a resource curse exists and empirical analyses seem to be very sensitive to methodological choices Dialga and Ouoba (2022). Although awareness of this strand of literature is of relevance to this work, the unresolved nature of the 'debate' surrounding its existence requires caution if eventually utilised as a theoretical framework for answering the research question.

⁴Ahlerup, Baskaran, and Bigsten (2020) find that for 30 countries in Africa, the presence of gold mines during adolescence have a significant effect on educational attainment. Badeeb, Lean, and Clark (2017) investigates whether resource dependence slows economic growth with no explicit mention of education. Blanco and Grier (2012) find that in Latin America, petroleum export has a significant long-run negative relationships with human capital. Borge, Parmer, and Torvik (2015) find support for the paradox of plenty hypothesis in Norway - that higher local public revenue negatively affects the efficiency of local

Altogether, this evidence points to the value of identifying the extent to which expenditure on public education is reliant on local economic health across the country. In other words, this work aims to answer the following research questions:

RQ1: How does uneven industrial wage growth affect public education expenditure?

RQ2: Do intergovernmental transfers alleviate wealth-driven inequalities in public ed exp?

RQ3: Can accounting for non-constant relationships between explanatory variables improve our understanding of the relationship between public goods and uneven economic growth?

In the sections that follow, I outline in Section 3 the data to be used in the analysis; Section 4 the proposed methods;

3 Data

This work will make use of Willamette University’s Annual Government Finance Database. This resource is a harmonised repository of the data collected annually as part of the US Census Bureau’s Annual Survey of State & Local Government Finances, the ‘only comprehensive source of information on the finances of local governments in the United States’ Pierson, Hand, and Thompson (n.d.) . I aggregate school district measures up to the commuting zone-level to ensure the availability of adequate control and treatment variables.⁵

Thus, this dataset provides estimates in current \$USD on total public school revenue disaggregated by source (federal, state, local intergovernmental versus own local sources) and expenditure disaggregated by item (level of schooling, teacher salaries, debt, etc.). Finally, I gather GDP control variables from the Bureau of Economic Analysis (BEA). This BEA data is only available after 2001, therefore the panel reported and used below is restricted to 2001-2021. This results in a complete and balanced panel of 636 US commuting zones between 2001-2021.^{6 7}

public good provision. Brunschweiler and Bulte (2008) critically evaluate ‘the empirical basis for the so-called resource curse and find that, despite the topic’s popularity in economics and political science research, this apparent paradox may be a red herring. The most commonly used measure of “resource abundance” can be more usefully interpreted as a proxy for “resource dependence”—endogenous to underlying structural factors. In multiple estimations that combine resource abundance and dependence, institutional, and constitutional variables, we find that (i) resource abundance, constitutions, and institutions determine resource dependence, (ii) resource dependence does not affect growth, and (iii) resource abundance positively affects growth and institutional quality.’ Cockx and Francken (2014) use a panel on 140 countries from 1995-2009 and find an inverse relationship between resource dependence and and public health spending over time. Cockx and Francken (2016) investigate a panel of 140 countries from 1995-2009 to find an adverse effect of resource depdence on public education expenditures relative to GDP. Dialga and Ouoba (2022) find disparate results for health and education controlling for institutional quality. Douglas and Walker (2017) “measure the effect of resource-sector dependence on long-run income growth using the natural experiment of coal mining in 409 Appalachian counties selected for homogeneity. Using a panel data set (1970–2010), we find a one standard deviation increase in resource dependence is associated with 0.5–1 percentage point long-run and a 0.2 percentage point short-run decline in the annual growth rate of per capita personal income. We also measure the extent to which the resource curse operates through disincentives to education, and find significant effects, but this “education channel” explains less than 15 percent of the apparent curse.’ Haber (n.d.) focus on authoritarian regimes. Menaldo (2016) argues again that this is an institutions curse and not a resource curse issure. Sincovich et al. (2018) provide a literature review of resource curse investigations in the Australian context.

⁵The database is provided for six different levels of government: state, county, municipal, township, special district, and school district. Reporting is only mandated in Census years (every five years), and even then missing data remains a challenge. This means that data provided at any other level of government suffers from significant levels of missing data, with a high level of selection bias correlated with administrative capacity. However, strengthened by a partnership with the National Center for Education Statistics, observations for US school districts exhibit near-complete coverage between 1997-2021 Pierson, Hand, and Thompson (n.d.) . I choose to conduct the analysis on the commuting zone level because of a lack of availability of control variables at a school district level.

⁶The reason 13% of CZs are missing from the dataset is because of (1) the exclusion criteria already outlined; (2) Hawaii and Alaska have been excluded due to the methodological challenge of incorporating their school districts into spatial econometric work; and (3) Connecticut, Maryland, North Carolina, and Virginia have been excluded due to unconventional or incomplete public school district reporting. I aim to resolve this, especially in the case of Virginia given its relatively high rates of employment in the coal sector.

⁷Given the work’s intent to rely on data on property taxes collected, any CZ that reports more than five 0 values for property taxes collected is excluded.

```
Warning: The `size` argument of `element_line()` is deprecated as of ggplot2 3.4.0.  
i Please use the `linewidth` argument instead.
```

```
[1] "Running analysis on CZs (cz_id)."
```

All data used is reported annually at the commuting zone level.⁸

Therefore, no time-invariant variables are included (apart from the State in which a commuting zone is in). Finally, our data represents 636 commuting zones in 40 states between 2001-2021.

Expenditure and Revenue: The dependent variables of interest come from [Willamette University's Government Finance Database](#). The data includes commuting-zone level revenue and expenditure on public education including disaggregated values by revenue source (federal, state, or other intergovernmental revenue) and expenditure item (lunches, wages, debt). All values are reported in real US dollars. The data for property taxes collected used in regressions below also come from this dataset. Expenditure on vocational training and from Educational Service Agencies (ESAs) are also sourced from this dataset.

GDP Controls: US Bureau of Economic Analysis. Values are also reported in current US dollars (real GDP values exist). The controls used in the below are total, private industry, and oil, gas, mining and quarrying commuting zone-level GDP.

Population controls: US Census Bureau.

Property Prices: The US Federal Housing Finance Agency provides a geographically linked data on single-family house prices called the Housing Price Index. HPI is a broad measure of the movement of single-family house prices. The FHFA HPI is a weighted, repeat-sales index, meaning that it measures average price changes in repeat sales or refinancings on the same properties. This information is obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac since January 1975 [Source](#). It is reported at the county level at an annual frequency. We aggregate to the commuting zone level via a mean. [should do a population weighted average!](#)

3.1 Summary statistics

All dollar values are reported in real 2017-chained thousands.

Table 1

Statistic	N	Mean	St. Dev.	Min	Max
Enrollment	13,356	62	170	0	3,170
Population	13,356	405	1,078	1	18,733
Elem. Expenditure per pupil	13,356	11	3	6	58
Property Tax per pupil	13,356	4	2	0	33
IG Revenue per pupil	13,356	7	2	1	28
State IG Revenue per pupil	13,356	7	2	1	26
GDP per capita	13,356	45	25	15	389
GDP pc - Private Industry	13,356	38	25	6	383
House Price Index	12,717	255	156	86	1,948

First, shift-share or *Bartik* instruments have gained popularity in empirical work as a method of handling endogeneity issues in panel data Bartik (1991). Effectively, they combine time-variant yet unit-invariant

⁸In line with similar work on US economic geography, commuting zones were chosen as the unit of analysis as they are a far less arbitrary and more accurate representation of local labour market areas/economies [{David Dorn's Resource Page}](https://www.ddorn.net/data.htm/#Local%20Labor%20Market%20Geography), [{Fowler et al. 2024}](https://www.nature.com/articles/s41597-024-03829-5).

changes in aggregate economic variables (ie., national changes in industry wage levels) with time-invariant yet unit-variant shares in exposure to these macro-level changes (ie., local shares of employment in particular industries). This decomposition of local-level changes via a delocalisation over space and time allows for a defensible ‘de-endogenising’ of the treatment. Notably, the method can also be considered to serve a further purpose, allowing for, by construction, the examination of a macro phenomenon’s effect on more local units.

\footnote{Autor et al use a shift-share instrument to assess the effect of Chinese import competition on manufacturing employment in US commuting zones Autor, Dorn, and Hanson (2013) . As an extension, Feler and Senses (2017) use a similar shift-share instrument to assess the effect of the same shock on the size of local government. Baccini and Weymouth (2021) employ a shift-share instrument for manufacturing layoffs to tease out the effect of a decline in manufacturing on both economically motivated and racial identity voting patterns in the US.}

⁹

4 Analysis

Given the high degree of both structural (state-specific tax, regulatory, and legislative regimes) and evolved heterogeneity (industrial activity, income, inequality, economic diversity) the following analysis only briefly explores the potential to arrive at national-level average treatment effects using various pooled estimation strategies. These serve to establish foundational relationships between local economic conditions that seem to reasonably generalise across the country.

Considerable investigation uncovered the need for a regional or state-by-state estimation strategy to truly account for the heterogeneity across the units of observation. Therefore, the body of the analysis is dedicated to state-by-state and industry-by-industry estimation of the relevant econometric specifications. We dedicate majority of this manuscript to discussing of this latter exploration of heterogeneity.

4.1 Descriptive Regressions

4.1.1 Baseline

First, I employ a two-way fixed effects ordinary least-squares panel model with standard errors clustered by commuting zone. I outline the model specification immediately below:

$$Y_{it} = \beta_0 + \beta_x X_{it} + \delta_1 Enrollment_{it} + \delta_2 IGR_{it} + \alpha_i + \gamma_t + \varepsilon_{it} \quad (1)$$

$$Y_{it} = \beta_0 + \beta_x X_{it} + \delta_1 Enrollment_{it} + \delta_2 IGR_{it} + \lambda Y_{it-1} + \alpha_i + \gamma_t + \varepsilon_{it} \quad (2)$$

Y_{it} is the natural logarithm of elementary (serving ages 6-12) education expenditure per pupil for CZ i in year t . α_i and γ_t represent CZ- and year-fixed effects, respectively, and ε_{it} represents the error term. We control for enrollment to account for scaling factors in education expenditure and intergovernmental transfers to account for the significant role of such transfers in funding education expenditure. Additionally, we optionally include a lagged dependent variable to account for the persistence of education expenditure. X_{it} takes three forms represented by @ref(gdp_function), @ref(wage_function), @ref(hpi_function) where

⁹Second, an additional popular indicator for modelling industrial shocks is *oil price* as values are often assumed to be exogenous to local and even national conditions @scheer2022 . Third, separate from specifically green transformation shocks, various indicators for measuring *deindustrialisation* have been proposed including the manufacturing share of employment, value added, and GDP [@tregenna2009, @tregenna2020]. These deindustrialisation metrics could be used in combination with a shift-share instrument. Finally, in rare instances, exogeneity can be secured due to *geographical, climatological, or geological factors*. For example, @borge2015 obtain an exogenous measure of local revenue by "instrumenting the variation in hydropower revenue, and thus total revenue, by topology, average precipitation and meters of river in steep terrain." Certain authors have argued that the fact that the location of hydrocarbon deposits is dictated by geomorphological processes provides a plausible argument for exogeneity [@esposito2021, @chen2022].

$h = [0, 2]$ in the specifications that incorporate time lagged variables. We estimate all equations in both levels and growth rates.

$$X_{it}^{GDP} = \sum_{h=0}^2 \beta_k^{GDP} \log(GDP_{it-h}) \quad (3)$$

$$X_{it}^{Wage} = \sum_{h=0}^2 \beta_k^{Wage} \log(Wage_{it-h}) \quad (4)$$

$$X_{it}^{HPI} = \sum_{h=0}^2 \beta_k^{HPI} \log(HPI_{it-h}) \quad (5)$$

Education expenditure has a highly relevant time dependence. The effect of increases in GDP two years prior has the greatest effect on current education expenditure, implying a delayed effect of commuting zone-level economic growth on public education expenditure.

Table X reports a series of fixed effects regressions estimating the association between local economic conditions and elementary education expenditure per pupil, expressed in both levels (left panel) and growth rates (right panel). Across all specifications, the results underscore the central role of intergovernmental transfers and broader local economic fundamentals in shaping patterns of education spending.

In the levels regressions, intergovernmental revenue per pupil emerges as the strongest and most consistent predictor of education expenditure. A 1% increase in intergovernmental transfers is associated with approximately a 0.35–0.38% increase in per-pupil education spending, controlling for unit and year fixed effects. This finding highlights the importance of state and federal aid in sustaining local education budgets. Lagged economic indicators, particularly private industry GDP and average weekly wages, are also positively and significantly associated with education spending. The magnitude of the coefficients increases with the number of lags, suggesting a gradual adjustment process by which local economic growth translates into higher public investment in education over time. For example, a 1% increase in lagged ($t-2$) real private GDP per capita is associated with a 0.14% increase in per-pupil spending, while lagged wage growth shows similar cumulative effects.

The house price index also enters positively and significantly in contemporaneous and short-lag specifications (up to $t-3$), but its influence diminishes and turns negative at longer lags. This pattern is consistent with the hypothesis that local housing markets influence education budgets through changes in property tax bases and local fiscal capacity, but that these effects are most salient in the short run and may attenuate over time due to institutional lags in budgeting and allocation.

The growth rate regressions, while explaining less variance overall (as expected), largely confirm the patterns observed in the levels specifications. Intergovernmental revenue growth remains a strong and highly significant determinant of education expenditure growth, with coefficients ranging from 0.33 to 0.40. Lagged wage and GDP growth also emerge as important predictors, particularly at longer lags. Notably, wage growth two years prior is associated with a 0.31% increase in education spending growth, suggesting that labor market improvements take time to materialize in local education budgets. Growth in house prices also predicts increases in education spending, but these effects are concentrated in the contemporaneous and first-lag specifications.

Taken together, these results offer three key insights. First, public education investment is strongly mediated by external fiscal flows, reaffirming the role of intergovernmental transfers in equalizing local education finance. Second, local labor market conditions—captured through wages and GDP—exert lagged, cumulative effects on education spending, consistent with fiscal inertia and political delays in budgetary response. Third, local housing markets play a more modest and short-term role in shaping education budgets, reflecting the link between property values and tax revenues.

Dependent Variable:	(log) Elem.Ed.Exp.pp					
Model:	(1)	(2)	(3)	(4)	(5)	(6)
<i>Variables</i>						
(log) Real GDP Priv. Industry pc	0.0130 (0.0187)	0.0132 (0.0152)				
(log,l1) Real GDP Priv. Industry pc	0.0691*** (0.0135)	0.0520*** (0.0155)				
(log,l2) Real GDP Priv. Industry pc	0.1457*** (0.0231)	0.0583*** (0.0138)				
(log) IG Revenue pp	0.3512*** (0.0295)	0.2361*** (0.0205)	0.3220*** (0.0328)	0.2103*** (0.0230)	0.3287*** (0.0318)	0.2135*** (0.0221)
(log) Enrollment	-0.2936*** (0.0241)	-0.1796*** (0.0142)	-0.3022*** (0.0247)	-0.1925*** (0.0142)	-0.3297*** (0.0270)	-0.2066*** (0.0155)
(l1, log) Elem.Ed.Exp.pp		0.5071*** (0.0142)		0.5282*** (0.0177)		0.5301*** (0.0181)
(log) Annual Avg. Wkly. Wage			0.1706*** (0.0600)	0.0624 (0.0493)		
(log, l1) Annual Avg. Wkly. Wage				0.1767*** (0.0459)	0.1936*** (0.0548)	
(log, l2) Annual Avg. Wkly. Wage				0.3169*** (0.0796)	0.0544 (0.0480)	
(log) House Price Index					0.1450*** (0.0256)	0.1113*** (0.0211)
(log, l1) House Price Index					0.0557** (0.0263)	0.0315 (0.0340)
(log, l2) House Price Index					0.0481** (0.0208)	0.0049 (0.0277)
(log, l3) House Price Index					0.0447** (0.0210)	-0.0155 (0.0236)
(log, l4) House Price Index					0.0024 (0.0215)	0.0111 (0.0199)
<i>Fixed-effects</i>						
unit	Yes	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>						
Observations	12,084	12,084	13,356	12,720	12,588	12,029
R ²	0.86608	0.90687	0.86135	0.90573	0.86500	0.90945
Within R ²	0.31070	0.52065	0.30255	0.52306	0.29461	0.52418

*Clustered (unit) standard-errors in parentheses
Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Dependent Variable:	(GR) Elem.Ed.Exp.pp					
Model:	(1)	(2)	(3)	(4)	(5)	(6)
<i>Variables</i>						
(GR) Real GDP Priv. Industry pc	0.0048 (0.0138)	0.0030 (0.0135)				
(GR,l1) Real GDP Priv. Industry pc	0.0509*** (0.0148)	0.0510*** (0.0148)				
(GR,l2) Real GDP Priv. Industry pc	0.0191*** (0.0070)	0.0199*** (0.0070)				
(GR) IG Revenue pp	0.3061*** (0.0321)	0.3044*** (0.0325)	0.3266*** (0.0224)	0.3033*** (0.0317)	0.3286*** (0.0228)	0.3058*** (0.0309)
(GR) Enrollment	-0.5990*** (0.0420)	-0.5897*** (0.0432)	-0.0144** (0.0064)	-0.5899*** (0.0430)	-0.0060 (0.0069)	-0.5995*** (0.0461)
(GR, l1) Elem.Ed.Exp.pp		-0.0604*** (0.0149)		-0.0394*** (0.0098)		-0.0460*** (0.0094)
(GR) Annual Avg. Wkly. Wage			-0.0269 (0.0547)	0.0233 (0.0459)		
(GR, l1) Annual Avg. Wkly. Wage			0.2065*** (0.0500)	0.1815*** (0.0441)		
(GR, l2) Annual Avg. Wkly. Wage			0.3108*** (0.0600)	0.3066*** (0.0557)		
(GR) House Price Index					0.0631*** (0.0240)	0.1044*** (0.0197)
(GR, l1) House Price Index					0.1074*** (0.0289)	0.0772*** (0.0245)
(GR, l2) House Price Index					0.0586*** (0.0205)	0.0590*** (0.0186)
(GR, l3) House Price Index					0.0207 (0.0256)	0.0276 (0.0199)
(GR, l4) House Price Index					0.0325 (0.0211)	0.0209 (0.0172)
<i>Fixed-effects</i>						
unit	Yes	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>						
Observations	12,083	12,083	13,355	12,719	12,535	11,978
R ²	0.26799	0.27126	0.35113	0.27420	0.36048	0.28754
Within R ²	0.22090	0.22438	0.15363	0.22691	0.14768	0.23367

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Furthermore, given the heterogeneity in reliance on intergovernmental transfers (largely coming from the state), we interact all economic predictors above with a variable that represents the share of total elementary education expenditure coming from state-level funding.

Dependent Variable:	(log) Elem.Ed.Exp.pp				
Model:	(1)	(2)	(3)	(4)	(5)
<i>Variables</i>					
Funding Share_state	1.141*	0.6507	-0.6806*	0.0605	-0.5615**
	(0.6255)	(0.5394)	(0.3990)	(0.3325)	(0.2522)
(log) Real GDP Priv. Industry pc	-0.2324***				
	(0.0753)				
(log,l1) Real GDP Priv. Industry pc	0.1055*				
	(0.0596)				
(log,l2) Real GDP Priv. Industry pc	0.3441***				
	(0.0801)				
Funding Share_state × (log) Real GDP Priv. Industry pc	0.4109***				
	(0.1217)				
Funding Share_state × (log,l1) Real GDP Priv. Industry pc	-0.1136				
	(0.0959)				
Funding Share_state × (log,l2) Real GDP Priv. Industry pc	-0.4461***				
	(0.1221)				
(log) Fed IG Rev. pp	-0.0026	-0.0056	-0.0166**	0.0052	-0.0023
	(0.0092)	(0.0087)	(0.0077)	(0.0065)	(0.0059)
(log) Enrollment	-0.3327***	-0.3522***	-0.3881***	-0.2252***	-0.2470***
	(0.0299)	(0.0294)	(0.0286)	(0.0187)	(0.0187)
Funding Share_state × (log) Fed IG Rev. pp	-0.0006	0.0071	0.0242**	-0.0099	0.0015
	(0.0142)	(0.0135)	(0.0117)	(0.0101)	(0.0091)
Funding Share_state × (log) Enrollment	-0.0222	0.0032	0.0236	0.0147	0.0206
	(0.0260)	(0.0255)	(0.0209)	(0.0166)	(0.0154)
(log) Annual Avg. Wkly. Wage	-0.0206				-0.1824
	(0.2234)				(0.1576)
(log, l1) Annual Avg. Wkly. Wage	0.2181				0.4338**
	(0.1496)				(0.1839)
(log, l2) Annual Avg. Wkly. Wage	0.5060**				0.0489
	(0.2274)				(0.1333)
Funding Share_state × (log) Annual Avg. Wkly. Wage	0.4959				0.5470**
	(0.3515)				(0.2458)
Funding Share_state × (log, l1) Annual Avg. Wkly. Wage	-0.0609				-0.4624
	(0.2366)				(0.2894)
Funding Share_state × (log, l2) Annual Avg. Wkly. Wage	-0.6423*				-0.1810
	(0.3562)				(0.2158)
(log) House Price Index		-0.0850			0.0173
		(0.1112)			(0.0851)
(log, l1) House Price Index		0.1626			0.0712
		(0.1357)			(0.1759)
(log, l2) House Price Index		0.3599***			0.3197**
		(0.1019)			(0.1552)
(log, l3) House Price Index		0.0352			-0.1896
		(0.1143)			(0.1212)
(log, l4) House Price Index		-0.1431			-0.1233
		(0.0926)			(0.0991)
(log, l5) House Price Index		-0.0024			0.0678
		(0.0841)			(0.0654)
Funding Share_state × (log) House Price Index		0.4730***			0.2378*
		(0.1741)			(0.1310)
Funding Share_state × (log, l1) House Price Index		-0.1712			-0.0891
		(0.2058)			(0.2609)
Funding Share_state × (log, l2) House Price Index		-0.4792***			-0.4866**
		(0.1546)			(0.2289)
Funding Share_state × (log, l3) House Price Index		-0.0245			0.2783
		(0.1783)			(0.1861)
Funding Share_state × (log, l4) House Price Index		0.2086			0.1618
		(0.1442)			(0.1464)
Funding Share_state × (log, l5) House Price Index		-0.0623			-0.1219
		(0.1314)			(0.0993)
(l1, log) Elem.Ed.Exp.pp			0.5351***	0.5185***	
			(0.0163)	(0.0146)	
<i>Fixed-effects</i>					
unit	10	Yes	Yes	Yes	Yes
year		Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12 084	13 356	12 536	12 720	11 979

4.2 Instrumental Variable Approach

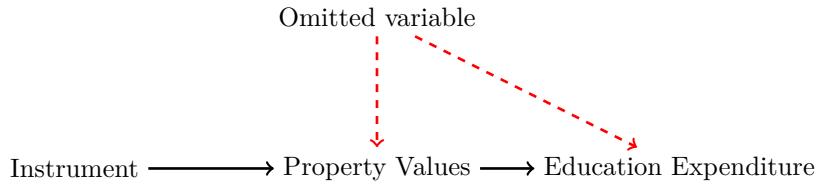
There is a significant endogeneity concern in using wage growth as the treatment variable. Therefore, I have tried two instrumental variable approaches below and aim to add results using production- and employment-based Bartik instruments.

A critical break-through in this work came from understanding the structure of public financing (described in further detail in Section ?? of the Supplementary Materials). In brief, revenue for public education comes from a combination of intergovernmental and local sources and revenue generated from local sources comes almost entirely from property taxes. Given this, I can isolate the channel through which I assume our treatment (industrial production) will affect our outcome variable using an instrumental variable approach. I provide the results of an initial attempt at this theory below including the functional form and underlying theoretical path diagram of the econometric specification.

We consider using XX as an instrument affecting education expenditure through property taxes or GDP. We know that property taxes have an endogenous relationship with education expenditure, however, in theory, XX is unlikely to affect education expenditure, except via property taxes. We test this hypothesis below.

As a reminder, the intuition behind the idea is

Figure 1: Instrumental Variable Path Diagram



As seen in Figure 1, I hypothesize that property taxes have an effect on education expenditure. However, there is significant concern of a reverse causal effect as higher income families likely gravitate towards school districts with higher levels of expenditure per pupil, driving up property values. Therefore, we adopt an identification strategy via a shift-share or Bartik instrument. A shift-share instrument interacts local industry shares with national industry-level growth rates to attain a plausibly exogenous local shock. In the context of this work, we intend to create a unit-specific time-varying treatment variable by interacting a unit-specific, time-invariant industrial employment share variable with a national-level time-varying wage growth rate.

Y_{it} takes the same two values as above. $Z_{i,t}$ takes the value of either active coal production or the number of active coal mines in CZ i in year t . I further test for a time lagged effect and run alternate specifications where a one- and two-year lag $Z_{i,t}$ replaces the contemporaneous value. $X_{i,t}$ is the amount of property taxes collected per pupil in CZ i in year t .

The literature on Bartik instruments derives plausibility from two sources. First, authors argue that local industry shares are exogenous by imposing that shares be fixed to a particular base year and are therefore unable to adapt to changes in national-level growth rates. Such a shift-share instrument would look as follows:

$$Z_{it} = \sum_{j=1}^k S_{ij\tau} G_{njt} \quad (6)$$

where S_{ij0} is the local share of unit i 's economy (potentially measured by metrics like employment, wages, revenue) in industry j at a fixed base year τ and G_{njt} is the growth rate of industry j at a national level n at time t .

Alternatively, authors may argue that the national-level growth rates are exogenous allowing the shares to vary over time, constructing the shift-share instrument as follows:

$$Z_{it} = \sum_{j=1}^k S_{ijt} G_{njt} \quad (7)$$

Finally, authors might be concerned about the implausible exogeneity of both shares and national-level growth rates in which case they could construct the instrument as follows where the local shares are fixed at a common base year and industry-specific growth rates G are derived from data on other similar regions o rather than national-level changes that are inherently comprised of local-level shifts. This approach likely comes at significant expense to instrument relevance.

$$Z_{it} = \sum_{j=1}^k S_{0jt} G_{ojt} \quad (8)$$

Finally, the authors can make an additional design choice about whether the effect of these instruments should be assumed common to an aggregate local-level wage growth indicator or allowed to vary by industry. In other words, whether to construct the first-stage relationship of the 2SLS as:

$$X_{it} = \alpha_i + \beta \sum_{j=1}^k S_j G_j + \epsilon_{it} \quad (9)$$

$$X_{it} = \alpha_i + \sum_{j=1}^k \beta_j S_{\star j\star} G_{\star jt} + \epsilon_{it} \quad (10)$$

4.2.1 Shift-share Instrument

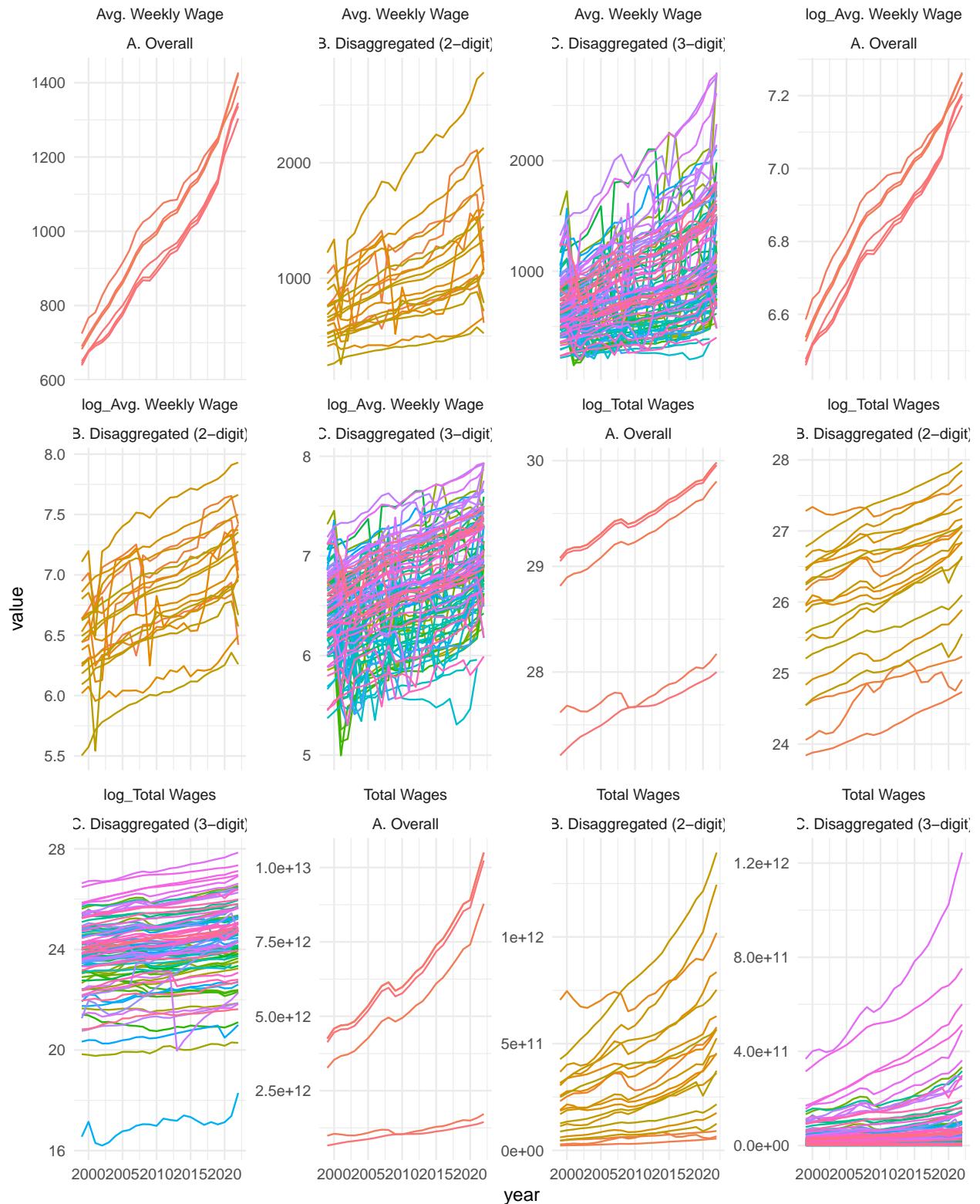
Using data from the US Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) and Bureau of Economic Analysis, we construct two types of shift-share Bartik instruments at the commuting zone level. Equation 11 demonstrates the Bartik instrument as outlined in Ferri (2022) and Goldsmith-Pinkham, Sorkin, and Swift (2020) and defined in Bartik (1991). $\Delta X_{t,s}$ represents national-level changes in wages or value added in industry s in time t and $\frac{N_{i,\tau,s}}{N_{i,\tau}}$ represents the “sensitivity” of a CZ to these national shocks proxied by an initial share of local employment in industry s in a baseline time period τ . The product of these two values defines the shift-share indicator $\tilde{X}_{i,t,s}$. In order to construct the share portion, we compute the total local share of employment in a particular industry s . Due to challenges with missing data, we compute an average share across 2001-2005 as our base year.¹⁰

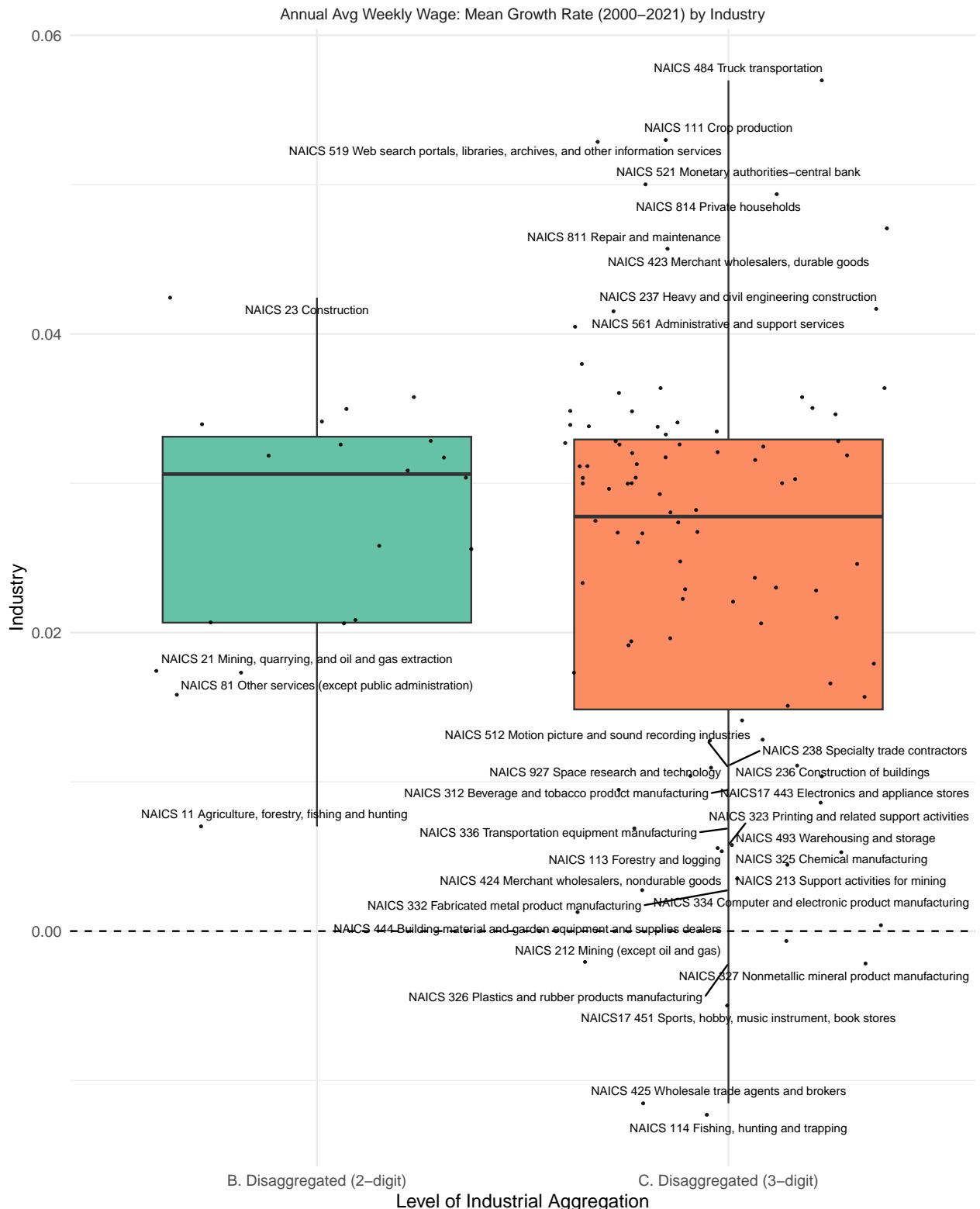
$$\tilde{X}_{i,t,s} = \Delta X_{t,s} * \frac{N_{i,\tau,s}}{N_{i,\tau}} \quad (11)$$

¹⁰We explore the sensitivity of results to the choice of base period τ by constructing the instrument for various base periods as well as a rolling window.

National Wage and Employment (Levels & Growth Rates by Industry)

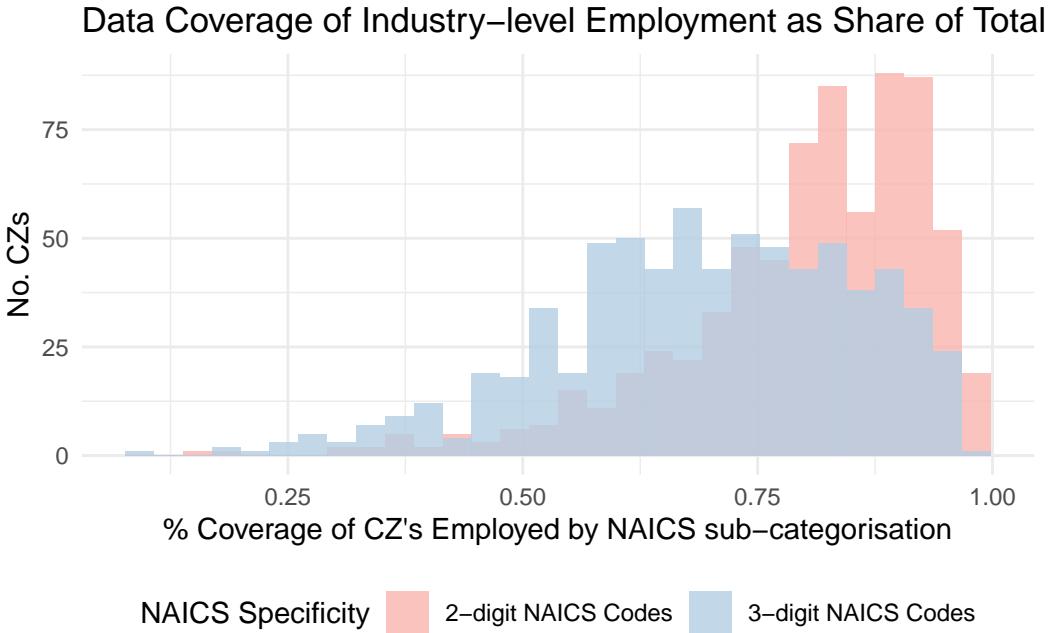






```
[1] "Downloaded QCEW data for 2004."
[1] "Cleaned temp file."
[1] "Created employment share values."
```

[1] "Appended national shock variables."



[1] TRUE

Fundamental to our identification strategy is the relationship between wages and property prices as well as real value added and property prices. We provide evidence of this relationship below.

4.2.1.1 Industry-level Wages

The two regression models show that wage levels and wage growth both play important roles in influencing house prices, but in different ways. The log-level model indicates that increases in average wages have a strong and persistent effect on the level of house prices, with significant positive effects extending up to four quarters. In contrast, the growth rate model suggests that house price growth responds primarily to contemporaneous wage growth, with little evidence of lagged effects. Together, these findings imply that while higher wages steadily raise housing values over time, short-term changes in wage growth influence house price dynamics more immediately but less durably. Together, they suggest that housing markets are more responsive to trends than to transitory shocks in wages.

Dependent Variable:	(log) House Price Index
Model:	(1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage	0.9365*** (0.0643)
(log, l1) Annual Avg. Wkly. Wage	0.0544*** (0.0137)
(log, l2) Annual Avg. Wkly. Wage	0.0861*** (0.0146)
(log, l3) Annual Avg. Wkly. Wage	0.0303* (0.0148)
(log, l4) Annual Avg. Wkly. Wage	0.0863*** (0.0205)
(log, l5) Annual Avg. Wkly. Wage	0.0261 (0.0153)
(log, l6) Annual Avg. Wkly. Wage	0.0388 (0.0296)
(log, l7) Annual Avg. Wkly. Wage	0.0222 (0.0224)
(log) Real GDP Priv. Industry pc	0.0710*** (0.0112)
(log) Population	0.4165*** (0.0594)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	12,570
R ²	0.96815
Within R ²	0.32132

Clustered (year) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Dependent Variable:	(GR) House Price Index
Model:	(1)
<i>Variables</i>	
(GR) Annual Avg. Wkly. Wage	0.3164*** (0.0635)
(GR, l1) Annual Avg. Wkly. Wage	0.0040 (0.0168)
(GR, l2) Annual Avg. Wkly. Wage	0.0242 (0.0157)
(GR, l3) Annual Avg. Wkly. Wage	0.0035 (0.0205)
(GR, l4) Annual Avg. Wkly. Wage	0.0263 (0.0232)
(GR, l5) Annual Avg. Wkly. Wage	6.34×10^{-5} (0.0199)
(GR, l6) Annual Avg. Wkly. Wage	-0.0118 (0.0216)
(GR, l7) Annual Avg. Wkly. Wage	-0.0093 (0.0234)
(GR) Real GDP Priv. Industry pc	0.0078 (0.0107)
(GR) Population	0.0063*** (0.0010)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	12,543
R ²	0.39690
Within R ²	0.02349

Clustered (year) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Dependent Variables:	(log) House Price Index First (1)	(log) ELEM.ED.EXP.PP Second (2)	(log) House Price Index First (3)	(log) ELEM.ED.EXP.PP Second (4)	(log) House Price Index First (5)	(GR) ELEM.ED.EXP.PP Second (6)
<i>Variables</i>						
l(lev_ss_2d,1)	0.2925*** (0.1045)					
(log) IG Revenue pp	0.1687*** (0.0192)	0.2285*** (0.0683)	0.1725*** (0.0192)	0.3459*** (0.1192)	0.1725*** (0.0192)	0.0009 (0.1645)
(log) Real GDP Priv. Industry pc	0.2554*** (0.0273)	-0.0118 (0.0911)	0.2509*** (0.0269)	0.1589 (0.1632)	0.2509*** (0.0269)	-0.1522 (0.2365)
(log) Enrollment	0.2726*** (0.0316)	-0.4983*** (0.1106)	0.2888*** (0.0310)	-0.3017 (0.1905)	0.2888*** (0.0310)	-0.2811 (0.2793)
(log) House Price Index		0.7861** (0.3576)		0.1056 (0.6440)		0.7094 (0.9443)
l(ss_2d,1)			0.1165* (0.0615)		0.1165* (0.0615)	
<i>Fixed-effects</i>						
unit year	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes
<i>Fit statistics</i>						
Observations	12,122	12,122	12,122	12,122	12,122	12,122
R ²	0.96437	0.81823	0.96424	0.86820	0.96424	-0.39232
Within R ²	0.20606	0.04756	0.20307	0.30941	0.20307	-0.49568
F-test (1st stage)	47.378		1.8710		1.8710	
F-test (1st stage), (log) House Price Index		47.378		1.8710		1.8710
F-test (1st stage), p-value	6.14 × 10 ⁻¹²		0.17139		0.17139	
F-test (1st stage), p-value, (log) House Price Index		6.14 × 10 ⁻¹²	0.17139		0.17139	
F-test (2nd stage)	30.389		0.02168		0.02168	1.0600
F-test (2nd stage), p-value	3.61 × 10 ⁻⁸		0.88295		0.88295	0.30325
Wu-Hausman	17.515		0.01227		0.01227	0.98593
Wu-Hausman, p-value	2.87 × 10 ⁻⁵		0.91179		0.91179	0.32076
Wald (IV only)	7.8357	4.8314	3.5876	0.02688	3.5876	0.56437
Wald (IV only), p-value	0.00513	0.02797	0.05824	0.86978	0.05824	0.45252

Clustered (unit) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Dependent Variables:	(log) House Price Index First (1)	(log) ELEM.ED.EXP.PP Second (2)	(log) House Price Index First (3)	(log) ELEM.ED.EXP.PP Second (4)	(log) House Price Index First (5)	(GR) ELEM.ED.EXP.PP Second (6)
<i>Variables</i>						
l(lev_ss_2d,1)	0.0534*** (0.0202)					
(log) IG Revenue pp	-0.1711*** (0.0449)	0.4177*** (0.0906)	-0.1841*** (0.0454)	0.3897*** (0.0715)	-0.1841*** (0.0454)	0.0642** (0.0254)
(log) Real GDP Priv. Industry pc	0.1014*** (0.0277)	0.0633 (0.0529)	0.1129*** (0.0270)	0.0804* (0.0428)	0.1129*** (0.0270)	-0.0054 (0.0150)
(log) Enrollment	0.1327*** (0.0091)	-0.1642*** (0.0547)	0.1432*** (0.0079)	-0.1425*** (0.0425)	0.1432*** (0.0079)	-0.0197 (0.0190)
(log) House Price Index		0.9707** (0.3789)		0.8201*** (0.2923)		0.1358 (0.1313)
l(ss_2d,1)			0.7554*** (0.2549)		0.7554*** (0.2549)	
<i>Fixed-effects</i>						
year state	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes
<i>Fit statistics</i>						
Observations	12,122	12,122	12,122	12,122	12,122	12,122
R ²	0.74242	-0.06726	0.73967	0.17843	0.73967	-0.03077
Within R ²	0.45088	-1.6418	0.44502	-1.0336	0.44502	-0.10149
F-test (1st stage)	140.07		11.410		11.410	
F-test (1st stage), (log) House Price Index		140.07		11.410		11.410
F-test (1st stage), p-value	3.87 × 10 ⁻³²		0.00073		0.00073	
F-test (1st stage), p-value, (log) House Price Index		3.87 × 10 ⁻³²	0.00073		0.00073	
F-test (2nd stage)	461.61		26.184		26.184	1.6659
F-test (2nd stage), p-value	1.62 × 10 ⁻¹⁰⁰		3.15 × 10 ⁻⁷		3.15 × 10 ⁻⁷	0.19683
Wu-Hausman	385.52		20.835		20.835	1.3103
Wu-Hausman, p-value	1.62 × 10 ⁻⁸⁴		5.05 × 10 ⁻⁶		5.05 × 10 ⁻⁶	0.25236
Wald (IV only)	6.9654	6.5624	8.7808	7.8734	8.7808	1.0682
Wald (IV only), p-value	0.00832	0.01043	0.00305	0.00502	0.00305	0.30137

Clustered (unit) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

4.2.1.2 Industry-level GDP

The two regression tables investigate the relationship between real GDP per capita in the private industry and house prices. In the log-level specification, real GDP (including current and lagged values up to 7 periods) is positively and significantly associated with house prices. The contemporaneous coefficient (0.2411) is large and highly significant, and several lags (especially lags 1, 2, 3, and 5) are also positive and statistically significant, indicating a cumulative and persistent effect of GDP on housing values.

In contrast, the growth-rate specification shows a much weaker relationship. Most coefficients are small and not statistically significant, with the exception of lag 5, which shows a modest but significant positive association (0.0073). The R² values further support this contrast: the log-level model explains 96% of the variation in house prices (with a within R² of 0.203), while the growth-rate model explains only about 39% overall (and just 0.005 within variation).

Together, these findings suggest that levels (rather than short-run changes) in GDP are more systematically and substantially associated with house price dynamics. The stronger fit and significant lag effects in the log-level regression underscore the longer-term influence of economic fundamentals on housing markets.

Dependent Variable:	(log) House Price Index
Model:	(1)
<i>Variables</i>	
(log) Real GDP Priv. Industry pc	0.2411*** (0.0209)
(l1,log) Real GDP Priv. Industry pc	0.0276*** (0.0057)
(l2,log) Real GDP Priv. Industry pc	0.0204*** (0.0034)
(l3,log) Real GDP Priv. Industry pc	0.0199*** (0.0041)
(l4,log) Real GDP Priv. Industry pc	0.0045 (0.0031)
(l5,log) Real GDP Priv. Industry pc	0.0371*** (0.0052)
(l6,log) Real GDP Priv. Industry pc	0.0112* (0.0057)
(l7,log) Real GDP Priv. Industry pc	0.0060 (0.0063)
(log) Population	0.5459*** (0.0499)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	12,570
R ²	0.96261
Within R ²	0.20336

Clustered (year) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Dependent Variable:	(GR) House Price Index
Model:	(1)
<i>Variables</i>	
(GR) Real GDP Priv. Industry pc	0.0161 (0.0162)
(GR,l1) Real GDP Priv. Industry pc	0.0093 (0.0057)
(GR,l2) Real GDP Priv. Industry pc	0.0062 (0.0043)
(GR,l3) Real GDP Priv. Industry pc	-0.0009 (0.0034)
(GR,l4) Real GDP Priv. Industry pc	-0.0025 (0.0024)
(GR,l5) Real GDP Priv. Industry pc	0.0070*** (0.0020)
(GR,l6) Real GDP Priv. Industry pc	8.67×10^{-5} (0.0043)
(GR,l7) Real GDP Priv. Industry pc	-0.0002 (0.0026)
(GR) Population	0.0060*** (0.0011)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	12,542
R ²	0.38588
Within R ²	0.00564

Clustered (year) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Dependent Variables:	(log) House Price Index First (1)	(log) Elem.Ed.Exp.pp Second (2)	(log) House Price Index First (3)	(log) Elem.Ed.Exp.pp Second (4)	(log) House Price Index First (5)	(GR) Elem.Ed.Exp.pp Second (6)
<i>Variables</i>						
l(lev_gdp_ss_2d,1)	0.6109*** (0.1551)					
(log) IG Revenue pp	0.1659*** (0.0190)	0.2618*** (0.0488)	0.1724*** (0.0192)	-1.014 (5.109)	0.1724*** (0.0192)	3.384 (12.20)
(log) Real GDP Priv. Industry pc	0.2542*** (0.0272)	0.0366 (0.0633)	0.2509*** (0.0269)	-1.820 (7.412)	0.2509*** (0.0269)	4.771 (17.68)
(log) Enrollment	0.2620*** (0.0314)	-0.4426*** (0.0724)	0.2889*** (0.0310)	-2.580 (8.533)	0.2889*** (0.0310)	5.386 (20.37)
(log) House Price Index		0.5933*** (0.2263)		7.993 (29.52)		-18.91 (70.44)
(II) GDP_SS_2d			-0.0435 (0.1618)		-0.0435 (0.1618)	
<i>Fixed-effects</i>						
unit	Yes	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>						
Observations	12,122	12,122	12,122	12,122	12,122	12,122
R ²	0.96456	0.84566	0.96423	-7.7331	0.96423	-360.70
Within R ²	0.21012	0.19129	0.20295	-44.759	0.20295	-387.55
F-test (1st stage)	109.88		0.07855		0.07855	
F-test (1st stage), (log) House Price Index		109.88		0.07855		0.07855
F-test (1st stage), p-value	1.34×10^{-25}		0.77927		0.77927	
F-test (1st stage), p-value, (log) House Price Index		1.34×10^{-25}		0.77927		0.77927
F-test (2nd stage)	39.965		5.2191		5.2191	31.707
F-test (2nd stage), p-value	2.68×10^{-10}		0.02236		0.02236	1.83×10^{-8}
Wu-Hausman	18.721		4.9045		4.9045	30.136
Wu-Hausman, p-value	1.53×10^{-5}		0.02681		0.02681	4.11×10^{-8}
Wald (IV only)	15.518	6.8699	0.07225	0.07331	0.07225	0.07207
Wald (IV only), p-value	8.22×10^{-5}	0.00878	0.78809	0.78658	0.78809	0.78835

Clustered (unit) standard-errors in parentheses
Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Dependent Variables:	(log) House Price Index First (1)	(log) Elem.Ed.Exp.pp Second (2)	(log) House Price Index First (3)	(log) Elem.Ed.Exp.pp Second (4)	(log) House Price Index First (5)	(GR) Elem.Ed.Exp.pp Second (6)
<i>Variables</i>						
l(lev_gdp_ss_2d,1)	0.5881*** (0.1517)					
(log) IG Revenue pp	0.1291*** (0.0185)	0.1708*** (0.0302)	0.1350*** (0.0186)	-0.0316 (0.3372)	0.1703*** (0.0194)	4.561 (23.95)
(log) Real GDP Priv. Industry pc	0.2295*** (0.0273)	-0.0086 (0.0393)	0.2260*** (0.0270)	-0.3477 (0.5684)	0.2501*** (0.0269)	6.535 (35.09)
(l1, log) Elem.Ed.Exp.pp	0.1539*** (0.0164)	0.4571*** (0.0285)	0.1563*** (0.0167)	0.2234 (0.3899)		
(log) Enrollment	0.2930*** (0.0311)	-0.3214*** (0.0546)	0.3191*** (0.0307)	-0.8003 (0.8033)	0.2902*** (0.0309)	7.469 (40.72)
(log) House Price Index		0.4823*** (0.1578)		1.983 (2.511)		-26.01 (140.2)
(l1) GDP_SS_2d			0.1393 (0.1634)		-0.0299 (0.1612)	
(GR, l1) Elem.Ed.Exp.pp					0.0246** (0.0098)	0.5609 (3.475)
<i>Fixed-effects</i>						
unit	Yes	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>						
Observations	12,122	12,122	12,122	12,122	12,121	12,121
R ²	0.96553	0.89042	0.96523	0.42146	0.96427	-0.681.78
Within R ²	0.23172	0.42586	0.22513	-2.0314	0.20375	-732.45
F-test (1st stage)	104.63		0.82597		0.03723	
F-test (1st stage), (log) House Price Index		104.63		0.82597		0.03723
F-test (1st stage), p-value	1.86 × 10 ⁻²⁴		0.36346		0.84700	
F-test (1st stage), p-value, (log) House Price Index		1.86 × 10 ⁻²⁴		0.36346		0.84700
F-test (2nd stage)	36.886			4.9503		28.683
F-test (2nd stage), p-value	1.29 × 10 ⁻⁹			0.02610		8.68 × 10 ⁻⁸
Wu-Hausman	23.263			4.3264		27.264
Wu-Hausman, p-value	1.43 × 10 ⁻⁶			0.03755		1.81 × 10 ⁻⁷
Wald (IV only)	15.019	9.3394	0.72722	0.62353	0.03450	0.03440
Wald (IV only), p-value	0.00011	0.00225	0.39380	0.42976	0.85264	0.85286

Clustered (unit) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

The instrumental variable estimates provide evidence of a robust causal relationship between national labor demand shocks and local housing prices. Utilizing a shift-share instrument that interacts national industry-specific wage growth rates with local industrial exposure (proxied through property values), the first-stage regression yields a statistically significant and economically large coefficient. A one-unit increase in the shift-share measure is associated with a 50.4% increase in the local House Price Index ($p < 0.01$), with an F-statistic of 217.9—well above conventional weak instrument thresholds—confirming instrument relevance. However, the second-stage results indicate no statistically significant effect of instrumented housing wealth on local education expenditure per pupil. Conditional on intergovernmental revenues and local GDP per capita, the coefficient on log HPI is small in magnitude and not statistically distinguishable from zero. These findings suggest that while labor demand shocks substantially affect local housing markets, they do not necessarily translate into commensurate changes in public investment in elementary education, at least in the short-to-medium term.

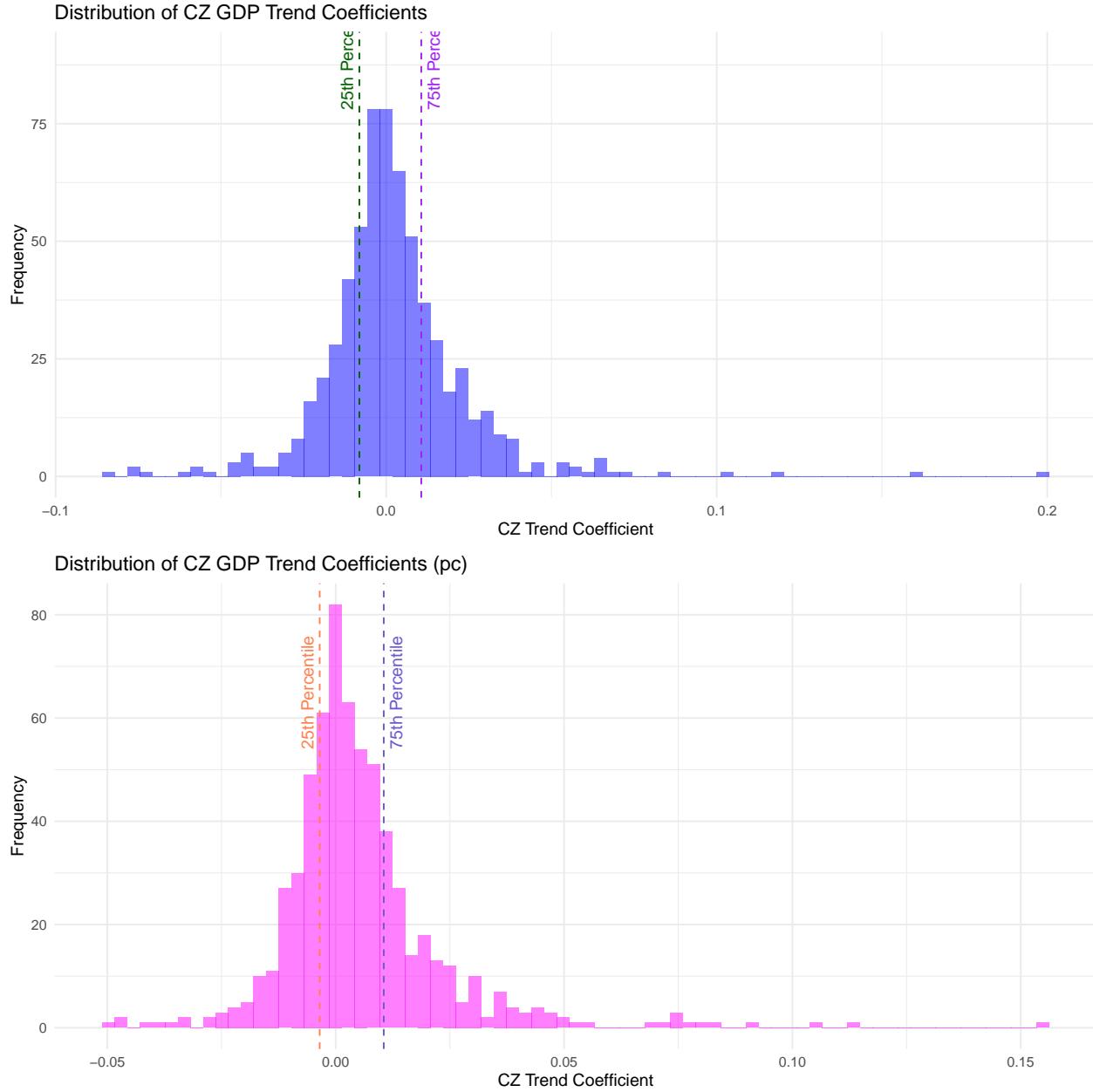
The lack of a causal link between housing wealth and public education spending indicates that school finance systems remain only partially responsive to contemporaneous changes in the property tax base due to funding caps, state-level equalization formulas, or lags in budget-setting processes. As a result, the benefits of local labor market booms—reflected in rising property values—may be disproportionately captured by homeowners and landlords without being redistributed through improved public services. This disconnect between private wealth accumulation and collective investment could likely have positive equalising consequences across communities.

4.3 Accounting for Heterogeneity

We suspect that the inability to detect a meaningful relationship between local economic conditions (wages and GDP) and local public services at the national level, barring design and data issues with our shift-share instrument, likely comes from the fact that considerable heterogeneity is being masked across states and commuting zones. Therefore, this next section is dedicated to unpacking this heterogeneity. Below, we explore various metrics of local economic growth and decline to partition our sample and approach a state-by-state and industry-by-industry estimation using our baseline descriptive models and wage- and GDP-based shift-share instruments.

4.3.1 Declining vs. Growing Regions

I identify declining vs. growing regions by estimating commuting-zone growth rates conditional on state and national level growth rates. Using this distinction (on both a per capita and total gdp bases and a lenient vs. stringent magnitude threshold), I rerun the key regressions identified in steps 2 and 3 on the subgroups (declining and growing regions).

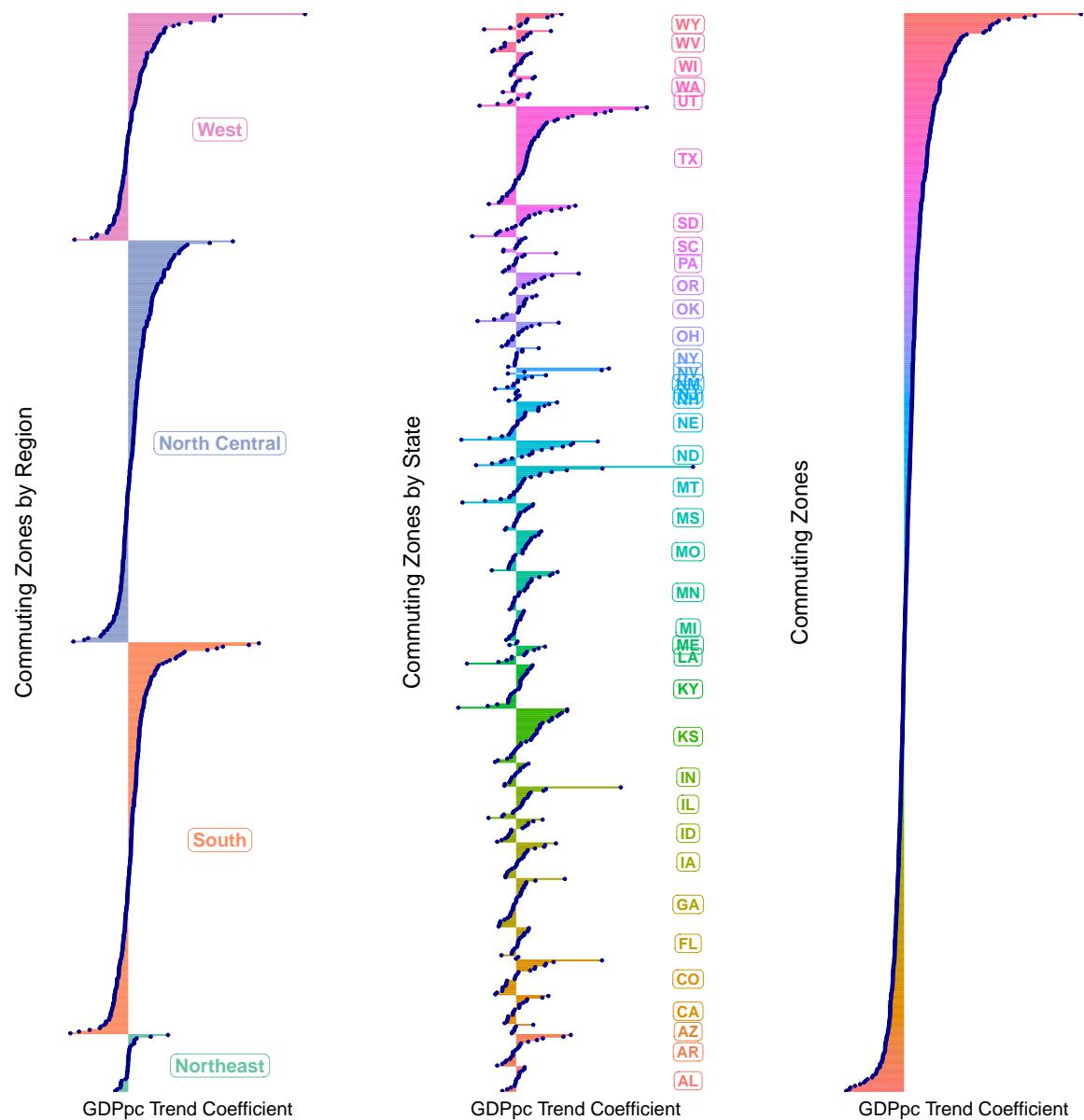


```
[1] 0.1965409
```

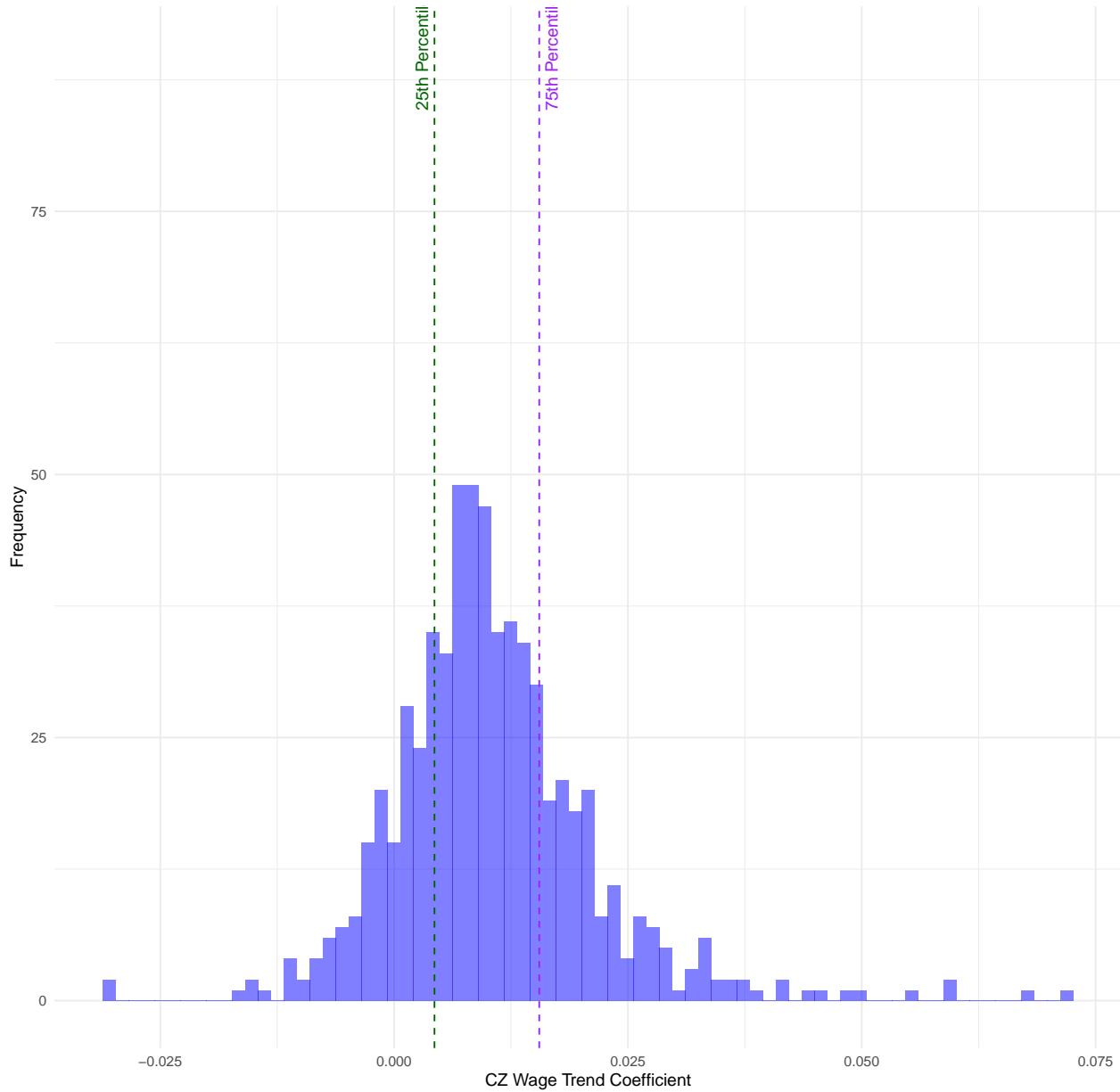
```
[1] 0.1383648
```

```
[1] 0.1100629
```

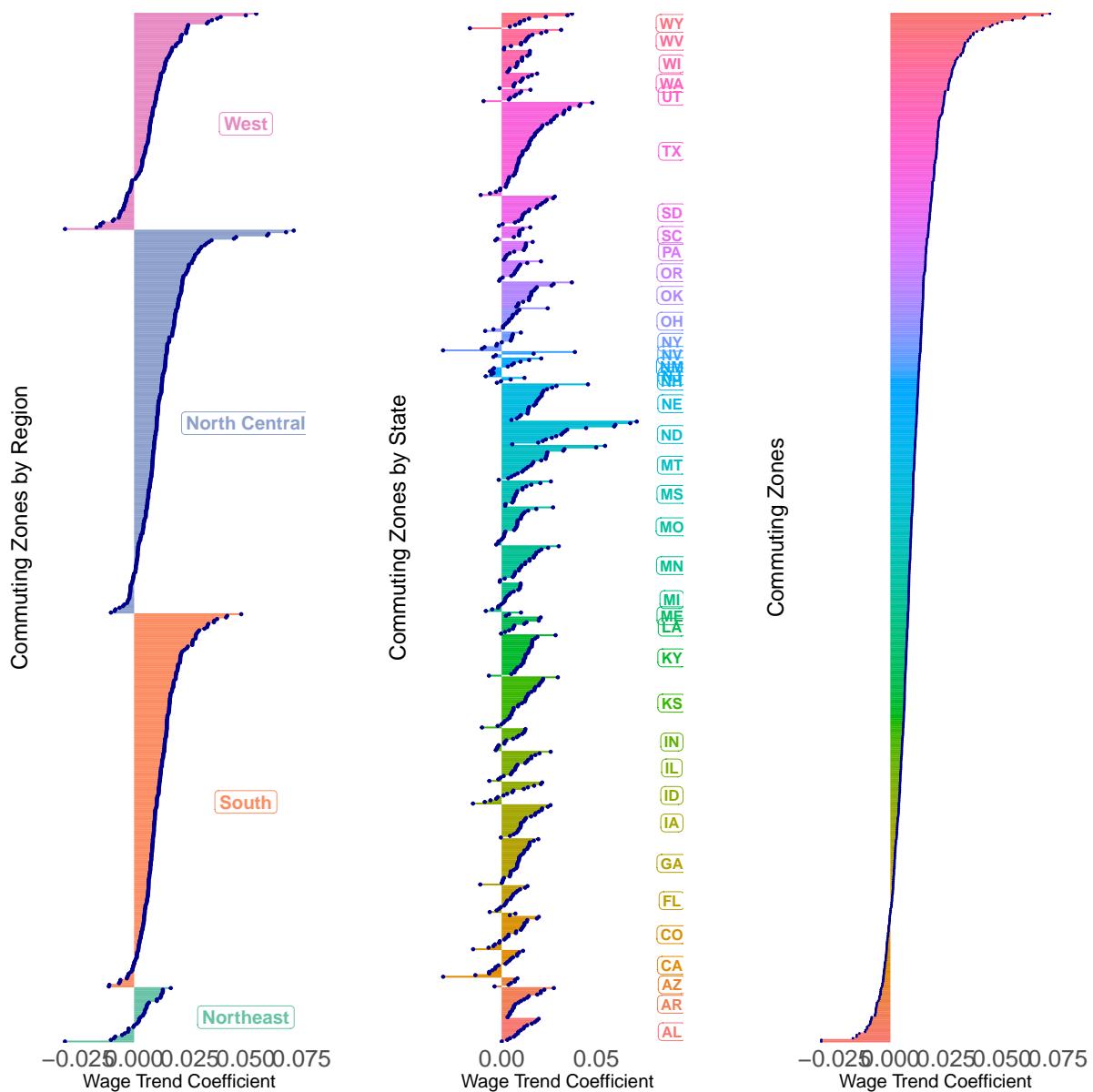
Commuting Zone GDP pc Growth Rate Controlling for National and State Level Trends
 Calculated as mean of annual growth rate per commuting zone controlling for national and state trends



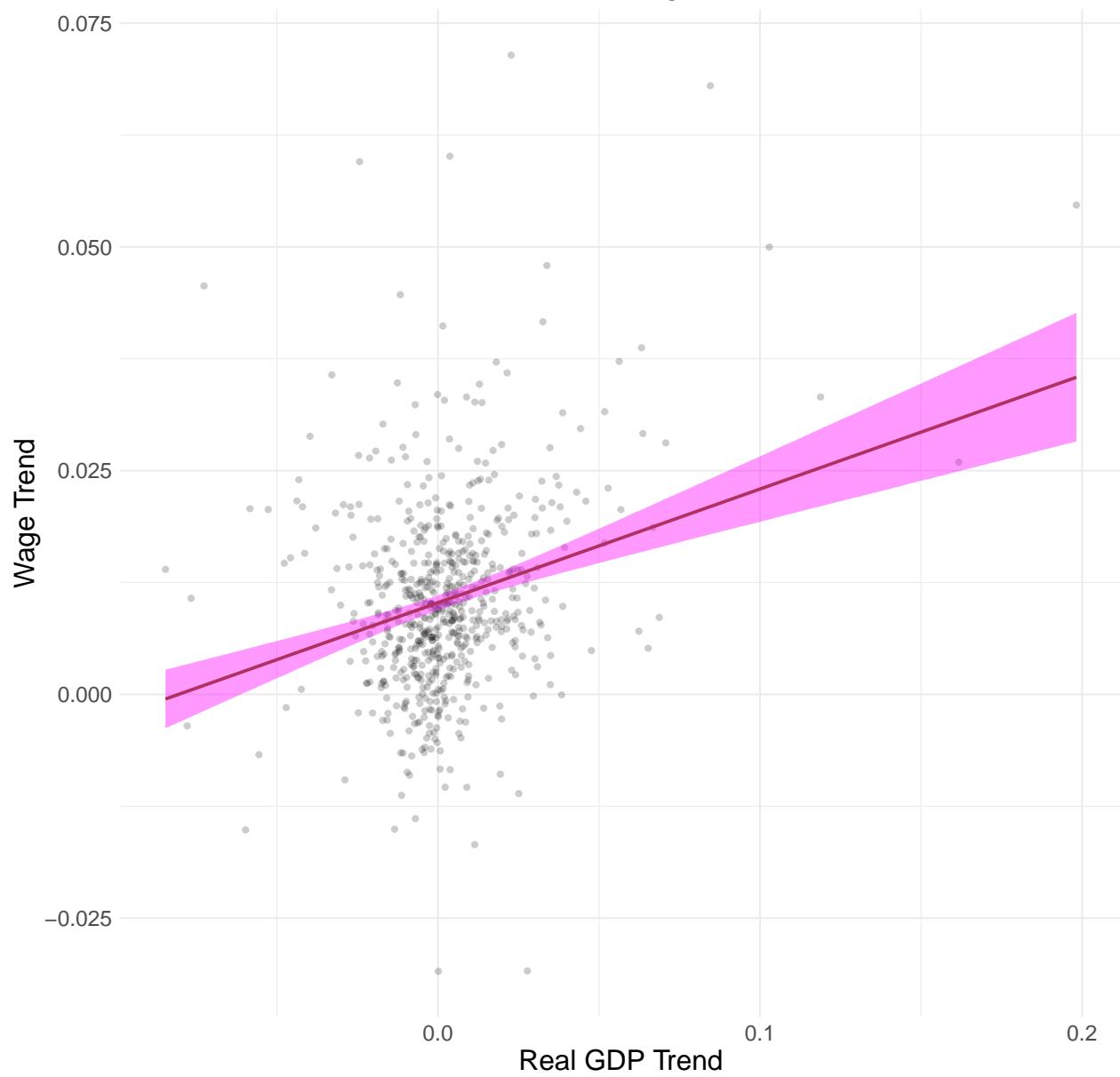
Distribution of CZ Wage Trend Coefficients



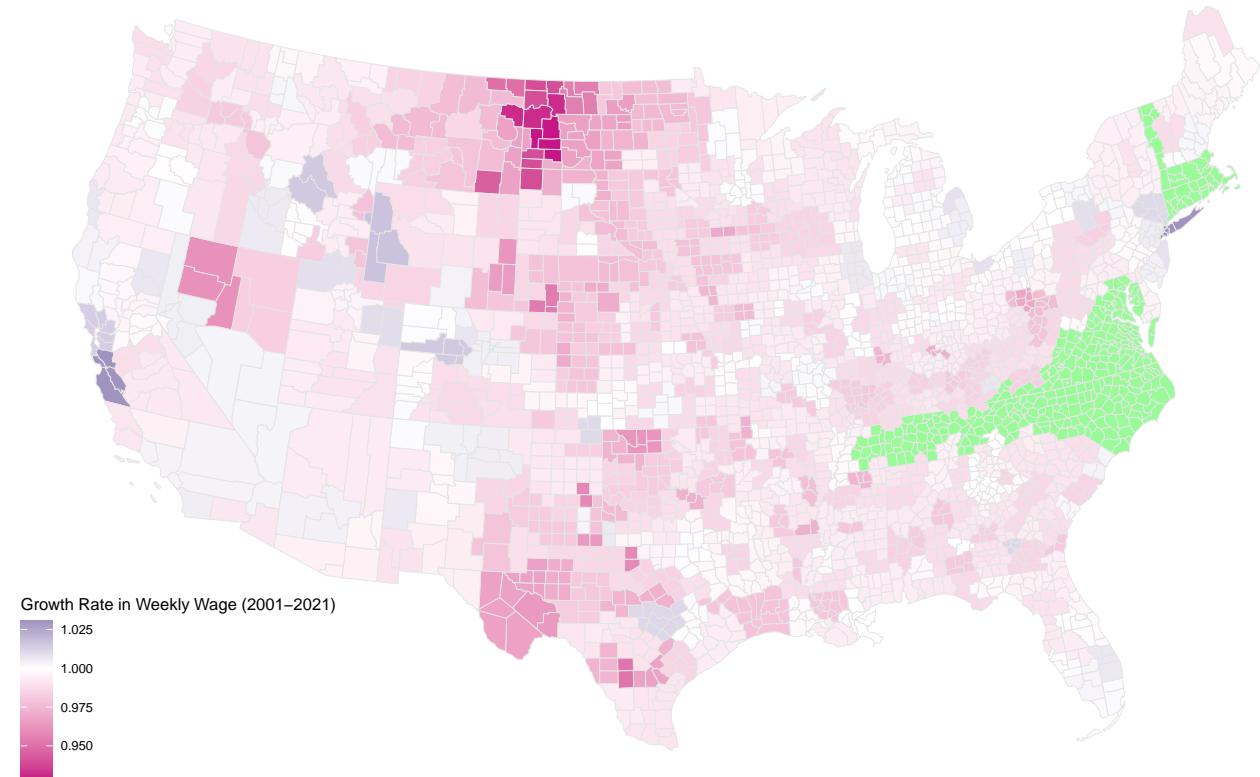
Commuting Zone Wage Growth Rate Controlling for National and State Level Trends
 Calculated as mean of annual growth rate per commuting zone controlling for national and state trends



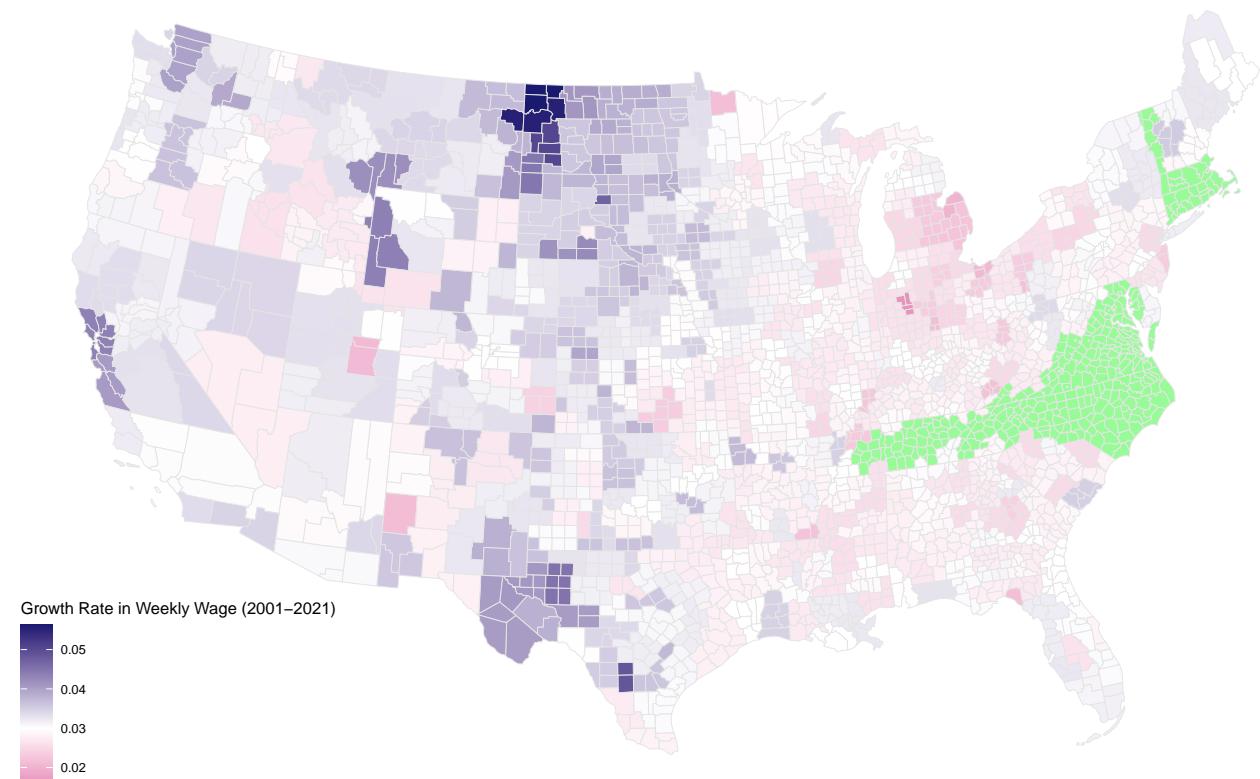
Relationship Between GDP and Wage Trends (per CZ)



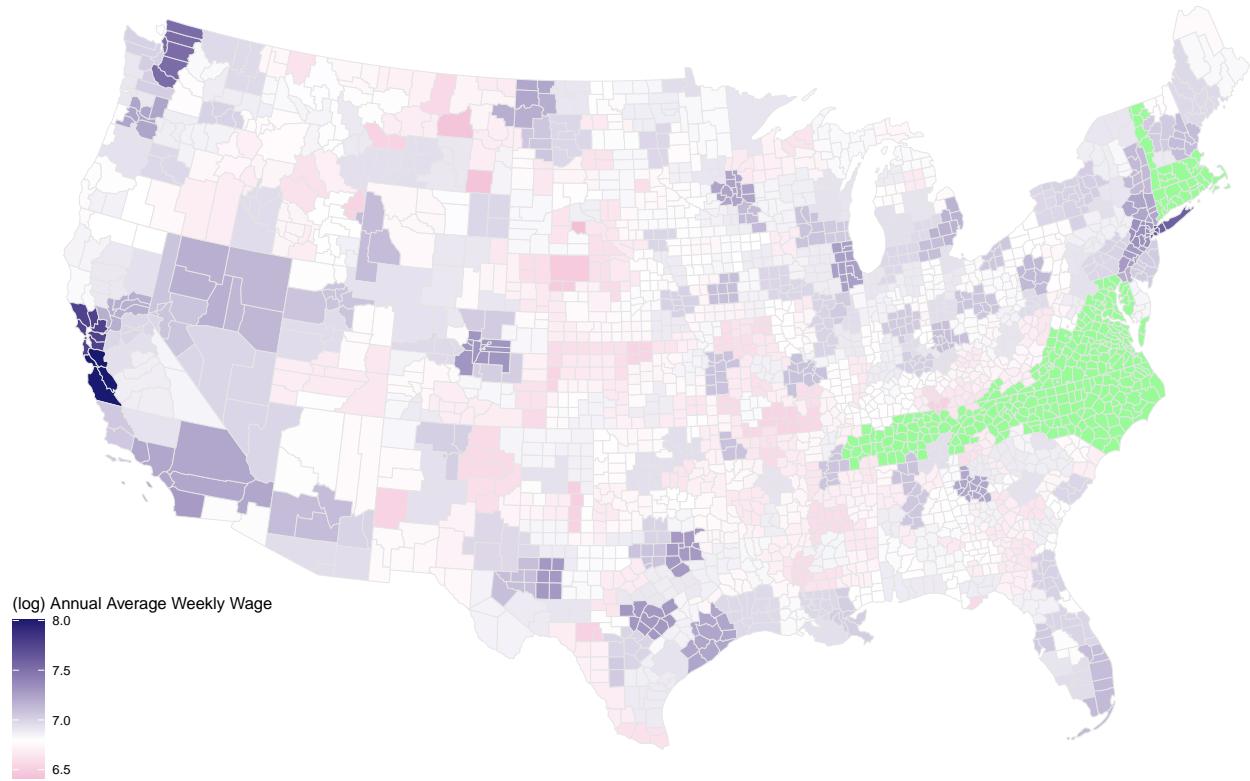
Growth Rate of Weekly Wage in Relation to Median (CZ)



Growth Rate of Weekly Wage in Relation to Median (CZ)



Weekly Wage Level (2021) in Relation to Median (CZ)



4.3.2 Baseline Models

4.3.3 IV Models

The following implements an employment based Bartik instrument for various industries available from the Quarterly Census of Employment and Wages.

4.3.4 High-income Outliers

As you can see in the scatterplot below, there is a somewhat non-linear relationship between property taxes and elementary expenditure as property taxes collected rise. This happens largely as a result of very high-income commuting zones. Therefore, I exclude any commuting zone that spends more than 28k per pupil to avoid any distorting effects. This removes 12 counties (~2% of the sample). **This could benefit from more robust outlier detection.**

Table 2: Declining

Dependent Variable:	(log) Elem.Ed.Exp.pp		
Model:	(1)	(2)	(3)
<i>Variables</i>			
(log) Real GDP Priv. Industry pc	0.0054 (0.0351)		
(log,l1) Real GDP Priv. Industry pc	0.0738*** (0.0242)		
(log,l2) Real GDP Priv. Industry pc	0.1024*** (0.0231)		
(log) IG Revenue pp	0.3722*** (0.0548)	0.3729*** (0.0520)	0.3541*** (0.0545)
(log) Annual Avg. Wkly. Wage		0.0871 (0.0969)	
(log, l1) Annual Avg. Wkly. Wage		0.1642** (0.0820)	
(log, l2) Annual Avg. Wkly. Wage		0.2610*** (0.0826)	
(log) House Price Index			0.0386 (0.0431)
(log, l1) House Price Index			0.0745** (0.0319)
(log, l2) House Price Index			0.0239 (0.0318)
(log, l3) House Price Index			0.1171*** (0.0350)
(log, l4) House Price Index			-0.0833** (0.0347)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	4,883	5,397	5,223
R ²	0.85785	0.85948	0.86073
Within R ²	0.22345	0.25049	0.22873

Clustered (unit) standard-errors in³⁰ parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 3: Growing

Dependent Variable: Model:	(log)	Elem.Ed.Exp.pp	
	(1)	(2)	(3)
<i>Variables</i>			
(log) Real GDP Priv. Industry pc	0.0206 (0.0243)		
(log,l1) Real GDP Priv. Industry pc	0.0622*** (0.0171)		
(log,l2) Real GDP Priv. Industry pc	0.1549*** (0.0323)		
(log) IG Revenue pp	0.3928*** (0.0359)	0.3532*** (0.0422)	0.3864*** (0.0406)
(log) Annual Avg. Wkly. Wage		0.2066*** (0.0776)	
(log, l1) Annual Avg. Wkly. Wage		0.1869*** (0.0582)	
(log, l2) Annual Avg. Wkly. Wage		0.2359** (0.1161)	
(log) House Price Index			0.1003*** (0.0309)
(log, l1) House Price Index			0.0578 (0.0364)
(log, l2) House Price Index			0.0553** (0.0260)
(log, l3) House Price Index			0.0145 (0.0255)
(log, l4) House Price Index			0.0072 (0.0274)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	7,201	7,959	7,365
R ²	0.85734	0.84617	0.85014
Within R ²	0.28656	0.24697	0.23978

Clustered (unit) standard-errors in³ parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 4: Hyper-Declining

Dependent Variable:	(log) Elem.Ed.Exp.pp		
Model:	(1)	(2)	(3)
<i>Variables</i>			
(log) Real GDP Priv. Industry pc	-0.0125 (0.0444)		
(log,l1) Real GDP Priv. Industry pc	0.0756** (0.0295)		
(log,l2) Real GDP Priv. Industry pc	0.1095*** (0.0249)		
(log) IG Revenue pp	0.3183*** (0.0681)	0.3276*** (0.0660)	0.2935*** (0.0682)
(log) Annual Avg. Wkly. Wage		0.0659 (0.1231)	
(log, l1) Annual Avg. Wkly. Wage		0.1997* (0.1013)	
(log, l2) Annual Avg. Wkly. Wage		0.2262** (0.0911)	
(log) House Price Index			0.0985* (0.0510)
(log, l1) House Price Index			0.0896** (0.0408)
(log, l2) House Price Index			-0.0264 (0.0382)
(log, l3) House Price Index			0.1484*** (0.0430)
(log, l4) House Price Index			-0.1263*** (0.0452)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	3,021	3,339	3,173
R ²	0.83249	0.83401	0.83486
Within R ²	0.18513	0.21740	0.19832

Clustered (unit) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 5: Hyper-Growing

Dependent Variable:	(log) Elem.Ed.Exp.pp		
Model:	(1)	(2)	(3)
<i>Variables</i>			
(log) Real GDP Priv. Industry pc	0.0105 (0.0299)		
(log,l1) Real GDP Priv. Industry pc	0.0569*** (0.0208)		
(log,l2) Real GDP Priv. Industry pc	0.1697*** (0.0393)		
(log) IG Revenue pp	0.3806*** (0.0567)	0.3171*** (0.0662)	0.3181*** (0.0681)
(log) Annual Avg. Wkly. Wage		0.1748 (0.1115)	
(log, l1) Annual Avg. Wkly. Wage		0.2536*** (0.0955)	
(log, l2) Annual Avg. Wkly. Wage		0.2795 (0.1696)	
(log) House Price Index			0.1090** (0.0473)
(log, l1) House Price Index			0.0844 (0.0525)
(log, l2) House Price Index			0.0560 (0.0407)
(log, l3) House Price Index			-0.0058 (0.0337)
(log, l4) House Price Index			-0.0416 (0.0437)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	3,021	3,339	2,904
R ²	0.79061	0.77279	0.77875
Within R ²	0.28823	0.22654	0.16829

Clustered (unit) standard-errors in³³ parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 6: Declining

Dependent Variable:	(GR)	Elem.Ed.Exp.pp	
Model:	(1)	(2)	(3)
<i>Variables</i>			
(GR) Real GDP Priv. Industry pc	0.0238 (0.0299)		
(GR,l1) Real GDP Priv. Industry pc	0.0325 (0.0234)		
(GR,l2) Real GDP Priv. Industry pc	0.0039 (0.0084)		
(GR) IG Revenue pp	0.3390*** (0.0404)	0.3086*** (0.0342)	0.2965*** (0.0348)
(GR) Annual Avg. Wkly. Wage		0.0671 (0.1017)	
(GR, l1) Annual Avg. Wkly. Wage		0.1781** (0.0843)	
(GR, l2) Annual Avg. Wkly. Wage		0.2352*** (0.0671)	
(GR) House Price Index			0.0619 (0.0429)
(GR, l1) House Price Index			0.1467*** (0.0434)
(GR, l2) House Price Index			0.0222 (0.0349)
(GR, l3) House Price Index			0.0796* (0.0424)
(GR, l4) House Price Index			-0.0196 (0.0315)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	4,882	5,396	5,213
R ²	0.18282	0.35298	0.36932
Within R ²	0.11422	0.13625	0.13726

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 7: Growing

Dependent Variable:	(GR)	Elem.Ed.Exp.pp	
Model:	(1)	(2)	(3)
<i>Variables</i>			
(GR) Real GDP Priv. Industry pc	-0.0005 (0.0157)		
(GR,l1) Real GDP Priv. Industry pc	0.0503*** (0.0193)		
(GR,l2) Real GDP Priv. Industry pc	0.0271*** (0.0101)		
(GR) IG Revenue pp	0.4316*** (0.0359)	0.3442*** (0.0291)	0.3574*** (0.0287)
(GR) Annual Avg. Wkly. Wage		-0.0689 (0.0636)	
(GR, l1) Annual Avg. Wkly. Wage		0.1980*** (0.0616)	
(GR, l2) Annual Avg. Wkly. Wage		0.3412*** (0.0843)	
(GR) House Price Index			0.0549* (0.0288)
(GR, l1) House Price Index			0.0847** (0.0363)
(GR, l2) House Price Index			0.0682*** (0.0247)
(GR, l3) House Price Index			-0.0101 (0.0323)
(GR, l4) House Price Index			0.0605** (0.0276)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	7,201	7,959	7,322
R ²	0.23645	0.34957	0.35888
Within R ²	0.19246	0.15983	0.15699

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 8: Hyper-Declining

Dependent Variable:	(GR)	Elem.	Ed.	Exp.	pp
Model:	(1)	(2)	(3)		
<i>Variables</i>					
(GR) Real GDP Priv. Industry pc	0.0148 (0.0363)				
(GR,l1) Real GDP Priv. Industry pc	0.0332 (0.0276)				
(GR,l2) Real GDP Priv. Industry pc	0.0096 (0.0102)				
(GR) IG Revenue pp	0.3811*** (0.0432)	0.3209*** (0.0456)	0.3120*** (0.0470)		
(GR) Annual Avg. Wkly. Wage		0.0712 (0.1266)			
(GR, l1) Annual Avg. Wkly. Wage		0.1451 (0.1057)			
(GR, l2) Annual Avg. Wkly. Wage		0.1705** (0.0663)			
(GR) House Price Index			0.0315 (0.0616)		
(GR, l1) House Price Index			0.1968*** (0.0603)		
(GR, l2) House Price Index			-0.0251 (0.0423)		
(GR, l3) House Price Index			0.0983* (0.0546)		
(GR, l4) House Price Index			-0.0170 (0.0427)		
<i>Fixed-effects</i>					
unit	Yes	Yes	Yes		
year	Yes	Yes	Yes		
<i>Fit statistics</i>					
Observations	3,020	3,338	3,166		
R ²	0.19624	0.34192	0.37036		
Within R ²	0.13578	0.13422	0.13878		

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 9: Hyper-Growing

Dependent Variable:	(GR)	Elem.Ed.Exp.pp	
Model:	(1)	(2)	(3)
<i>Variables</i>			
(GR) Real GDP Priv. Industry pc	-0.0012 (0.0191)		
(GR,l1) Real GDP Priv. Industry pc	0.0474** (0.0238)		
(GR,l2) Real GDP Priv. Industry pc	0.0288 (0.0180)		
(GR) IG Revenue pp	0.4562*** (0.0560)	0.3580*** (0.0449)	0.3361*** (0.0444)
(GR) Annual Avg. Wkly. Wage		-0.0596 (0.0973)	
(GR, l1) Annual Avg. Wkly. Wage		0.2442** (0.0958)	
(GR, l2) Annual Avg. Wkly. Wage		0.3459** (0.1359)	
(GR) House Price Index			0.0024 (0.0482)
(GR, l1) House Price Index			0.0913* (0.0547)
(GR, l2) House Price Index			0.0542 (0.0359)
(GR, l3) House Price Index			-0.0266 (0.0459)
(GR, l4) House Price Index			0.0296 (0.0421)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	3,021	3,339	2,873
R ²	0.23054	0.34754	0.34915
Within R ²	0.19558	0.16349	0.13214

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 10: Declining

Dependent Variable: Model:	(log) House Price Index (1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage	0.6575*** (0.0778)
(log, l1) Annual Avg. Wkly. Wage	0.2267*** (0.0686)
(log, l2) Annual Avg. Wkly. Wage	0.2479*** (0.0466)
(log, l3) Annual Avg. Wkly. Wage	0.0735* (0.0401)
(log, l4) Annual Avg. Wkly. Wage	0.0320 (0.0483)
(log, l5) Annual Avg. Wkly. Wage	-0.0856 (0.0570)
(log, l6) Annual Avg. Wkly. Wage	-0.0840** (0.0423)
(log, l7) Annual Avg. Wkly. Wage	0.1284* (0.0765)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	3,499
R ²	0.98015
Within R ²	0.22718

Clustered (unit) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 11: Growing

Dependent Variable:	(log) House Price Index
Model:	(1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage	0.5610*** (0.0591)
(log, l1) Annual Avg. Wkly. Wage	0.2259*** (0.0435)
(log, l2) Annual Avg. Wkly. Wage	0.2064*** (0.0600)
(log, l3) Annual Avg. Wkly. Wage	0.0661 (0.0465)
(log, l4) Annual Avg. Wkly. Wage	0.0270 (0.0495)
(log, l5) Annual Avg. Wkly. Wage	-0.0546 (0.0564)
(log, l6) Annual Avg. Wkly. Wage	-0.0276 (0.0578)
(log, l7) Annual Avg. Wkly. Wage	-0.1477* (0.0760)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	5,003
R ²	0.97376
Within R ²	0.16594

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 12: Hyper-Declining

Dependent Variable:	(log) House Price Index
Model:	(1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage	0.5745*** (0.0853)
(log, l1) Annual Avg. Wkly. Wage	0.2655*** (0.0840)
(log, l2) Annual Avg. Wkly. Wage	0.1877*** (0.0502)
(log, l3) Annual Avg. Wkly. Wage	0.1265*** (0.0438)
(log, l4) Annual Avg. Wkly. Wage	0.0161 (0.0529)
(log, l5) Annual Avg. Wkly. Wage	-0.0870 (0.0649)
(log, l6) Annual Avg. Wkly. Wage	-0.1118** (0.0488)
(log, l7) Annual Avg. Wkly. Wage	0.1282* (0.0711)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	2,127
R ²	0.97639
Within R ²	0.26025

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 13: Hyper-Growing

Dependent Variable:	(log) House Price Index
Model:	(1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage	0.5194*** (0.0723)
(log, l1) Annual Avg. Wkly. Wage	0.1717*** (0.0523)
(log, l2) Annual Avg. Wkly. Wage	0.1825** (0.0828)
(log, l3) Annual Avg. Wkly. Wage	0.0229 (0.0645)
(log, l4) Annual Avg. Wkly. Wage	0.0560 (0.0728)
(log, l5) Annual Avg. Wkly. Wage	-0.0906 (0.0885)
(log, l6) Annual Avg. Wkly. Wage	0.0789 (0.0770)
(log, l7) Annual Avg. Wkly. Wage	-0.2487** (0.1200)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	2,000
R ²	0.97076
Within R ²	0.16808

Clustered (unit) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 14: Declining

Dependent Variable: Model:	(GR) House Price Index (1)
<i>Variables</i>	
(GR) Annual Avg. Wkly. Wage	0.3612*** (0.0547)
(GR, 11) Annual Avg. Wkly. Wage	0.3075*** (0.0645)
(GR, 12) Annual Avg. Wkly. Wage	0.2603*** (0.0390)
(GR, 13) Annual Avg. Wkly. Wage	0.0505 (0.0358)
(GR, 14) Annual Avg. Wkly. Wage	-0.0370 (0.0459)
(GR, 15) Annual Avg. Wkly. Wage	-0.0942** (0.0470)
(GR, 16) Annual Avg. Wkly. Wage	-0.1156*** (0.0350)
(GR, 17) Annual Avg. Wkly. Wage	-0.0729* (0.0430)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	3,498
R ²	0.60003
Within R ²	0.09778

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 15: Growing

Dependent Variable: Model:	(GR) House Price Index (1)
<i>Variables</i>	
(GR) Annual Avg. Wkly. Wage	0.3159*** (0.0505)
(GR, 11) Annual Avg. Wkly. Wage	0.3214*** (0.0386)
(GR, 12) Annual Avg. Wkly. Wage	0.1989*** (0.0494)
(GR, 13) Annual Avg. Wkly. Wage	0.0777* (0.0426)
(GR, 14) Annual Avg. Wkly. Wage	0.0274 (0.0579)
(GR, 15) Annual Avg. Wkly. Wage	-0.0722 (0.0580)
(GR, 16) Annual Avg. Wkly. Wage	-0.0423 (0.0473)
(GR, 17) Annual Avg. Wkly. Wage	-0.1538*** (0.0568)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	4,997
R ²	0.41324
Within R ²	0.05986

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 16: Hyper-Declining

Dependent Variable: Model:	(GR) House Price Index (1)
<i>Variables</i>	
(GR) Annual Avg. Wkly. Wage	0.3151*** (0.0565)
(GR, 11) Annual Avg. Wkly. Wage	0.3061*** (0.0825)
(GR, 12) Annual Avg. Wkly. Wage	0.2185*** (0.0360)
(GR, 13) Annual Avg. Wkly. Wage	0.0701* (0.0357)
(GR, 14) Annual Avg. Wkly. Wage	-0.0451 (0.0514)
(GR, 15) Annual Avg. Wkly. Wage	-0.0858* (0.0502)
(GR, 16) Annual Avg. Wkly. Wage	-0.0830** (0.0380)
(GR, 17) Annual Avg. Wkly. Wage	-0.1007** (0.0488)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	2,126
R ²	0.58272
Within R ²	0.10959

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 17: Hyper-Growing

Dependent Variable: Model:	(GR) House Price Index (1)
<i>Variables</i>	
(GR) Annual Avg. Wkly. Wage	0.3493*** (0.0731)
(GR, 11) Annual Avg. Wkly. Wage	0.2330*** (0.0501)
(GR, 12) Annual Avg. Wkly. Wage	0.2029** (0.0808)
(GR, 13) Annual Avg. Wkly. Wage	0.0618 (0.0650)
(GR, 14) Annual Avg. Wkly. Wage	0.0930 (0.0846)
(GR, 15) Annual Avg. Wkly. Wage	-0.0640 (0.0876)
(GR, 16) Annual Avg. Wkly. Wage	0.1175** (0.0591)
(GR, 17) Annual Avg. Wkly. Wage	-0.0784 (0.0873)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	1,997
R ²	0.30943
Within R ²	0.06094

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

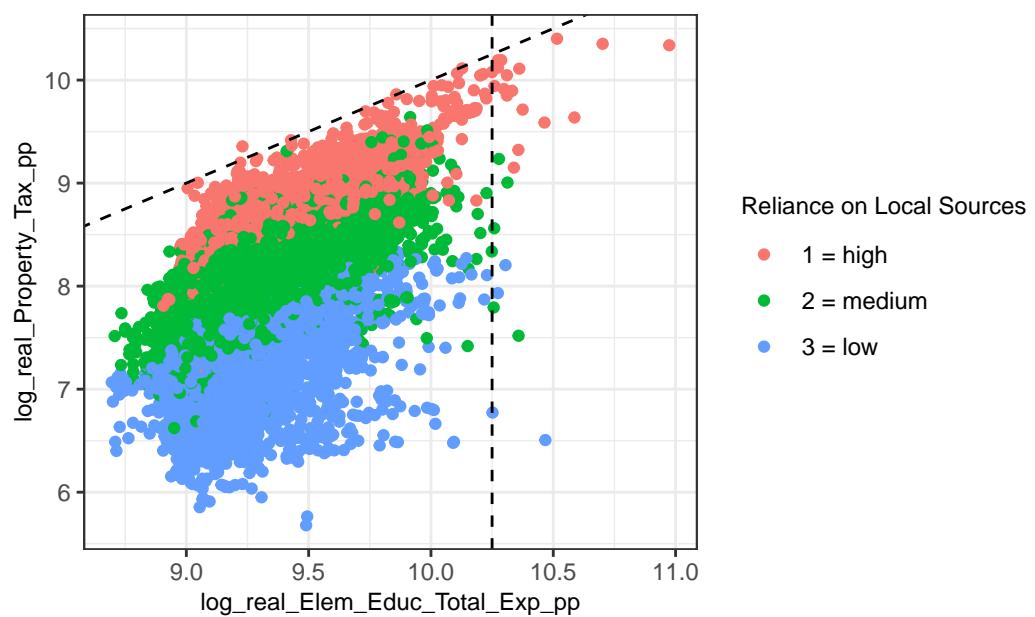
Table 18: lev_ss_2d

Dependent Variables:	(log) House Price Index	(log) Elem.Ed.Expp								
Model:	All	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Variables</i>										
SS (Lvl. 2d)	0.7726*** (0.1028)		0.7617*** (0.1513)		0.7629*** (0.1850)		0.7727*** (0.1124)		0.6990*** (0.2543)	
(log) IG Revenue pp	0.1347*** (0.0195)	0.3920*** (0.0326)	0.1568*** (0.0252)	0.3614*** (0.0560)	0.1638*** (0.0293)	0.3269*** (0.0751)	0.1123*** (0.0260)	0.4126*** (0.0387)	0.1029*** (0.0413)	0.3782*** (0.0648)
(log) Real GDP Priv. Industry pc	0.2617*** (0.0274)	0.1742*** (0.0351)	0.3410*** (0.0521)	0.1195 (0.0291)	0.3171*** (0.0674)	0.1441 (0.0877)	0.2267*** (0.0244)	0.1887*** (0.0325)	0.1424*** (0.0251)	0.2039*** (0.0459)
(log) House Price Index		0.0179 (0.1080)		0.0642 (0.1623)		-0.0339 (0.2330)		0.0888 (0.1487)		-0.1166 (0.2914)
<i>Fixed-effects</i>										
unit year	Yes	Yes								
<i>Fit statistics</i>										
Observations	12,717	12,717	5,240	5,240	3,184	3,184	7,477	7,477	2,981	2,981
R ²	0.96988	0.95609	0.96016	0.96142	0.95865	0.93107	0.95469	0.95391	0.94878	0.77980
Within R ²	0.16716	0.25645	0.20962	0.23031	0.21519	0.17340	0.14249	0.27012	0.09780	0.18085
F-test (1st stage), (log) House Price Index	365.29		158.42		97.123		201.24		54.190	
F-test (1st stage), p-value		2.65×10^{-80}		8.29×10^{-36}		1.37×10^{-22}		4.32×10^{-45}		2.35×10^{-13}
F-test (1st stage), (log) House Price Index, p-value			2.65×10^{-80}	8.29×10^{-36}		1.37×10^{-22}		4.32×10^{-45}		2.35×10^{-13}
F-test (2nd stage), p-value			0.12592	0.68832		0.10301		0.01681		1.3429
F-test (2nd stage), p-value			0.72270	0.40643		0.74827		0.89684		0.24661
Wu-Hausman, p-value			4.6906	0.58584		3.3184		2.8246		3.8590
Within Hausman, p-value			0.00015	0.04141		0.00827		0.00288		0.00598
Wald (IV only), p-value	56.451	0.02746	25.355	0.15656	17.010	0.02117	29.833	0.0032	7.5530	0.32612
Wald (IV only), p-value		6.15×10^{-14}	0.80838	4.93×10^{-7}	0.69236	3.82×10^{-5}	0.88433	4.86×10^{-8}	0.95271	0.00093
Clustered (unit) standard-errors in parentheses										
Signif. Codes: ***: 0.01, **: 0.05, *: 0.1										

Table 19: lev_ss_2d

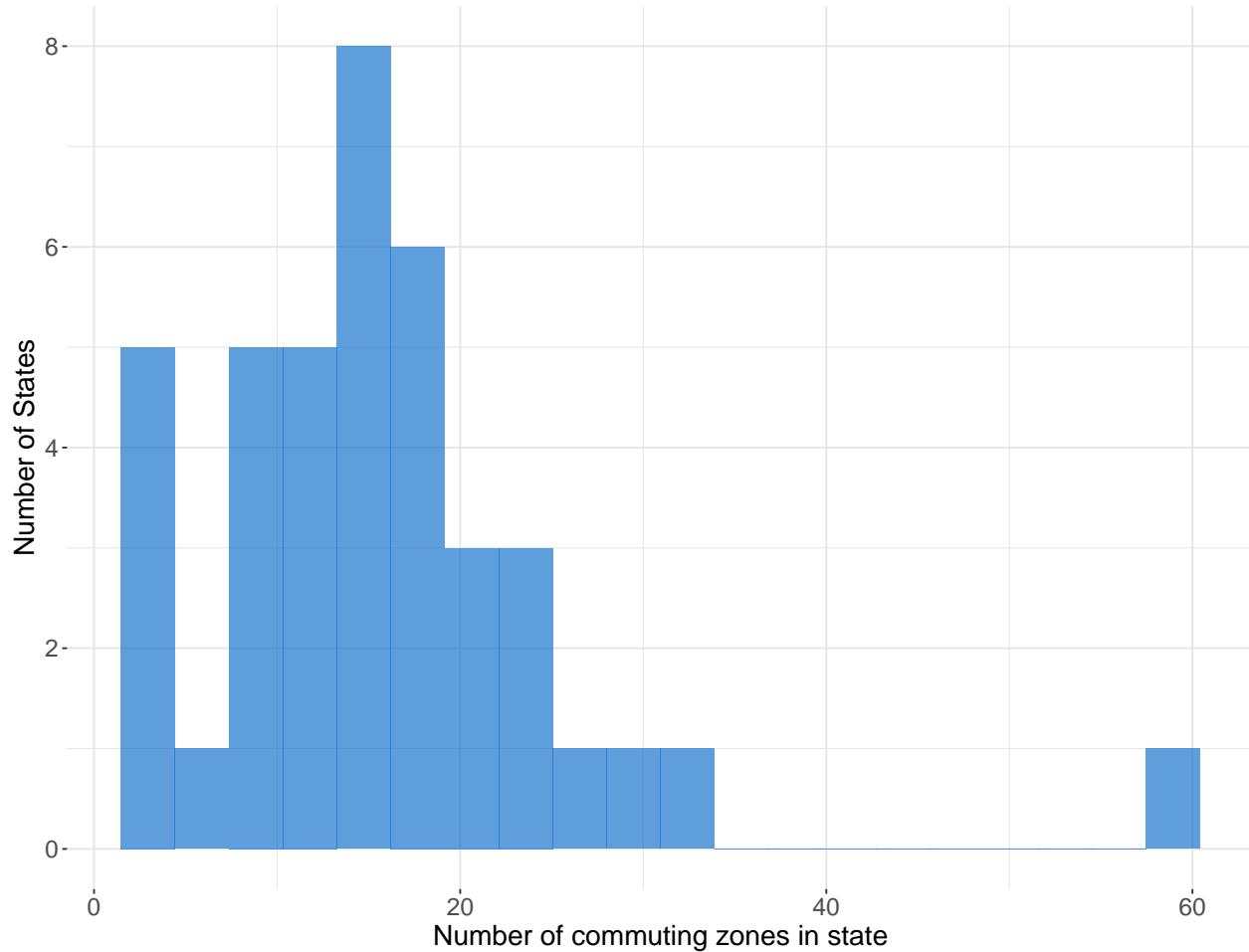
Dependent Variables:	(log) House Price Index	(log) Elem.Ed.Expp	(log) House Price Index	(log) Elem.Ed.Expp	(log) House Price Index	(log) Elem.Ed.Expp	(log) House Price Index	(log) Elem.Ed.Expp	(log) House Price Index	(log) Elem.Ed.Expp
Model:	Declining	(1)	(2)	(3)	Hyper-Declining	(4)	(5)	Growing	(6)	(7)
<i>Variables</i>										
SS (Lvl. 2d)	1.054*** (0.2518)		0.9688*** (0.1807)		0.7566*** (0.1151)		0.8925*** (0.2542)			
(log) IG Revenue pp	0.0983*** (0.0347)	0.3555*** (0.0751)	0.1066*** (0.0266)	0.4297*** (0.0556)	0.1372*** (0.0219)	0.3939*** (0.0358)	0.1755*** (0.0447)	0.3282*** (0.0565)		
(log) Real GDP Priv. Industry pc	0.2891*** (0.0711)	0.1485* (0.0769)	0.3102*** (0.0534)	0.1003 (0.0618)	0.2534*** (0.0284)	0.1689*** (0.0372)	0.1844*** (0.0341)	0.1677*** (0.0531)		
(log) House Price Index		0.0849 (0.2431)		0.1351 (0.1786)		0.0348 (0.1157)		-0.0760		0.2248
<i>Fixed-effects</i>										
unit year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>										
Observations	1,596	1,596	3,212	3,212	11,121	11,121	2,955	2,955		
R ²	0.96951	0.88239	0.96647	0.85954	0.95481	0.85046	0.93057	0.85752		
Within R ²	0.12795	0.23057	0.12632	0.26810	0.17429	0.26037	0.19823	0.20315		
F-test (1st stage), (log) House Price Index	79.853		144.25		305.28		92.517			
F-test (1st stage), p-value		1.1×10^{-18}		1.56×10^{-32}		1.86×10^{-67}		1.39×10^{-21}		
F-test (1st stage), p-value, (log) House Price Index			1.1×10^{-18}		1.56×10^{-32}		1.86×10^{-67}		1.39×10^{-21}	
F-test (2nd stage), p-value			0.69737		3.0301		0.37823		0.54411	
F-test (2nd stage), p-value			0.40380		0.08183		0.53856		0.46079	
Wu-Hausman, p-value			0.07573		0.1457		2.1038		0.1838	
Wu-Hausman, p-value			0.78321		0.69926		0.13842		0.16617	
Wald (IV only), p-value	17.514	0.12195	28.750	0.57152	43.178	0.09069	12.331	0.11418		
Wald (IV only), p-value		3.01×10^{-5}	0.72698	8.82×10^{-8}	0.44971	5.22×10^{-11}	0.76331	0.00045	0.73546	
Clustered (unit) standard-errors in parentheses										
Signif. Codes: ***: 0.01, **: 0.05, *: 0.1										

Elem Education Expenditure pp vs Property Tax pp

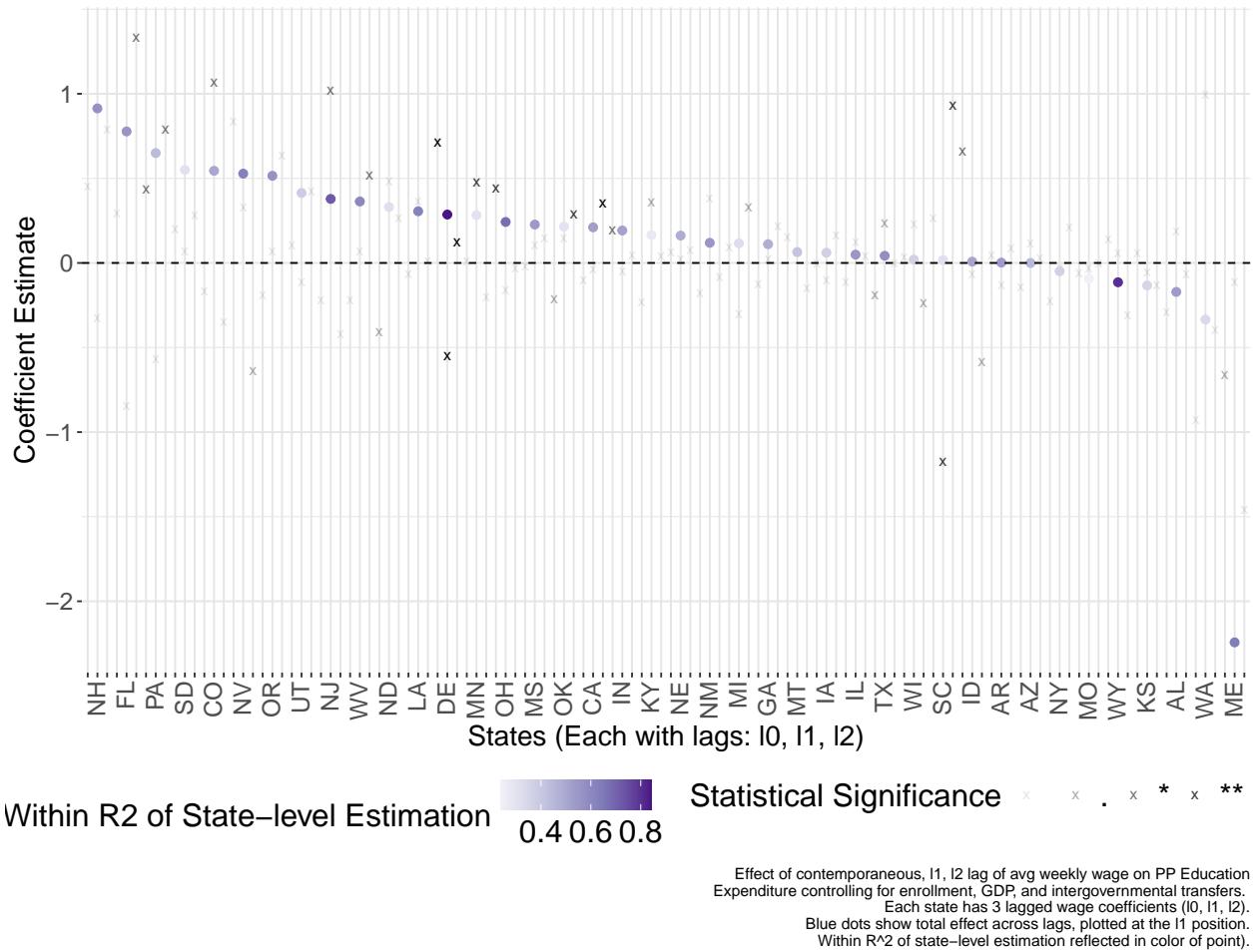


4.3.5 State-by-state estimation

Distribution of Number of Commuting Zones per State

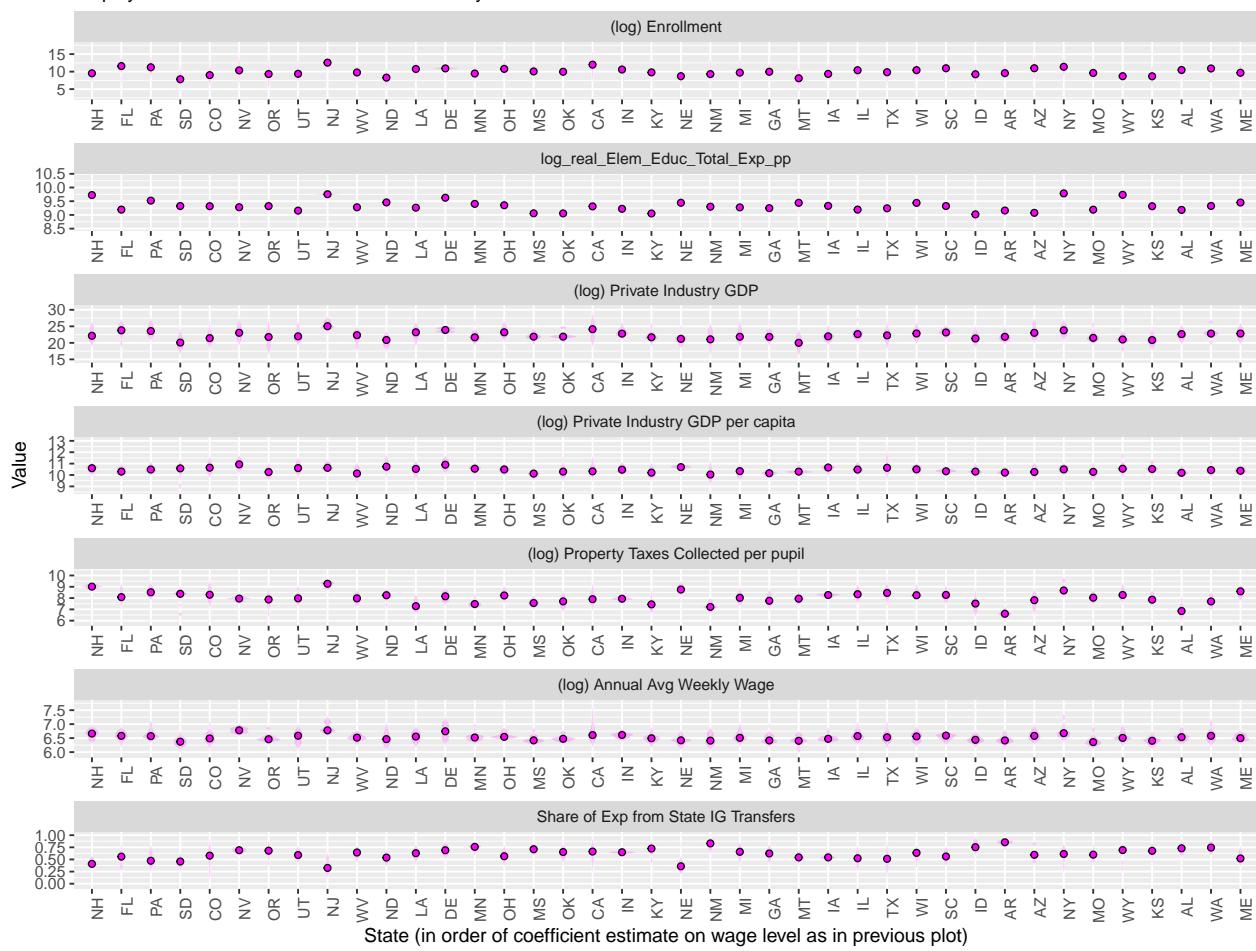


Effect of 1% Increase in Wage on Education Expenditure per Pupil



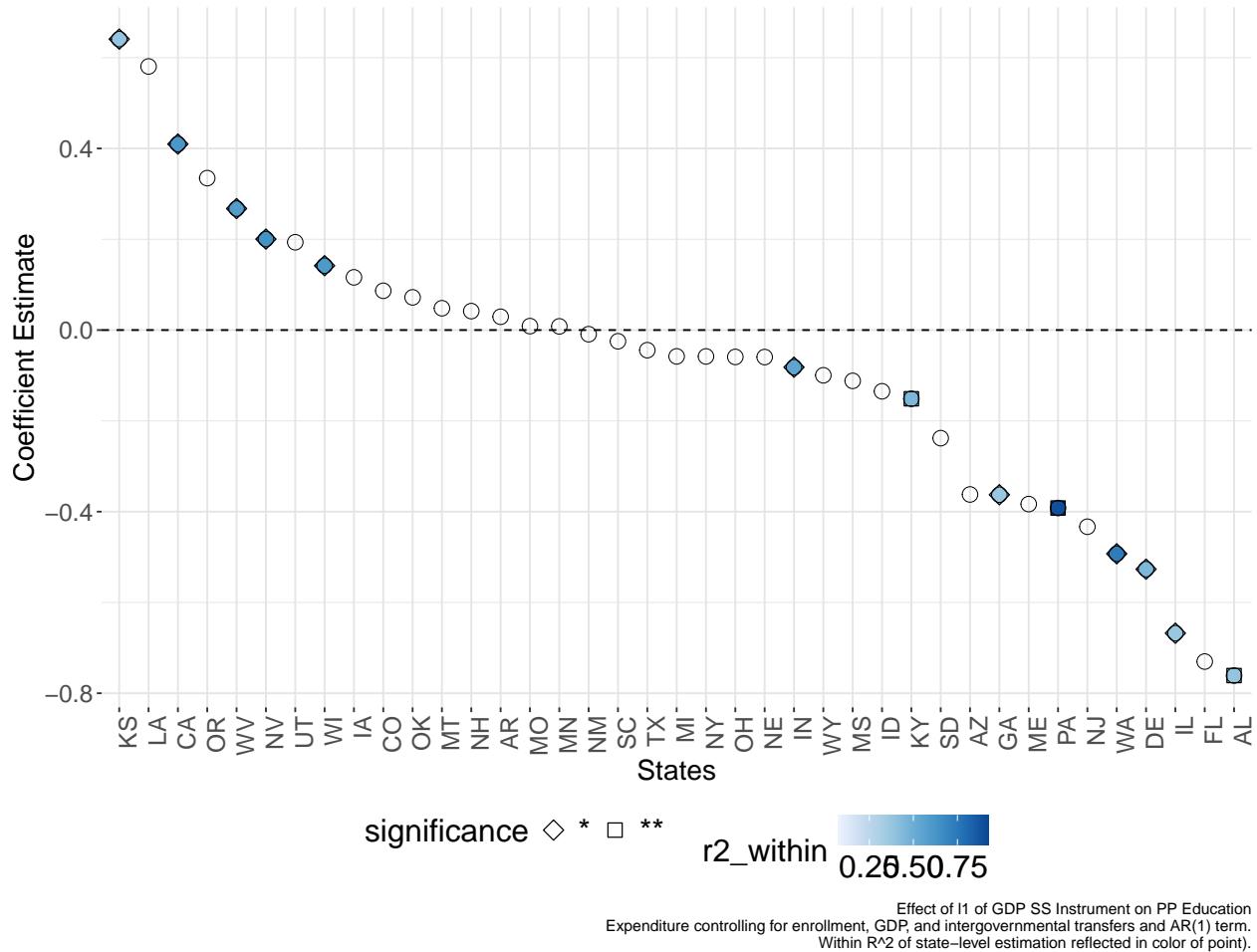
Value of Covariates in Order of State-level Coefficient Estimate

Displays the distribution of various covariates by state.



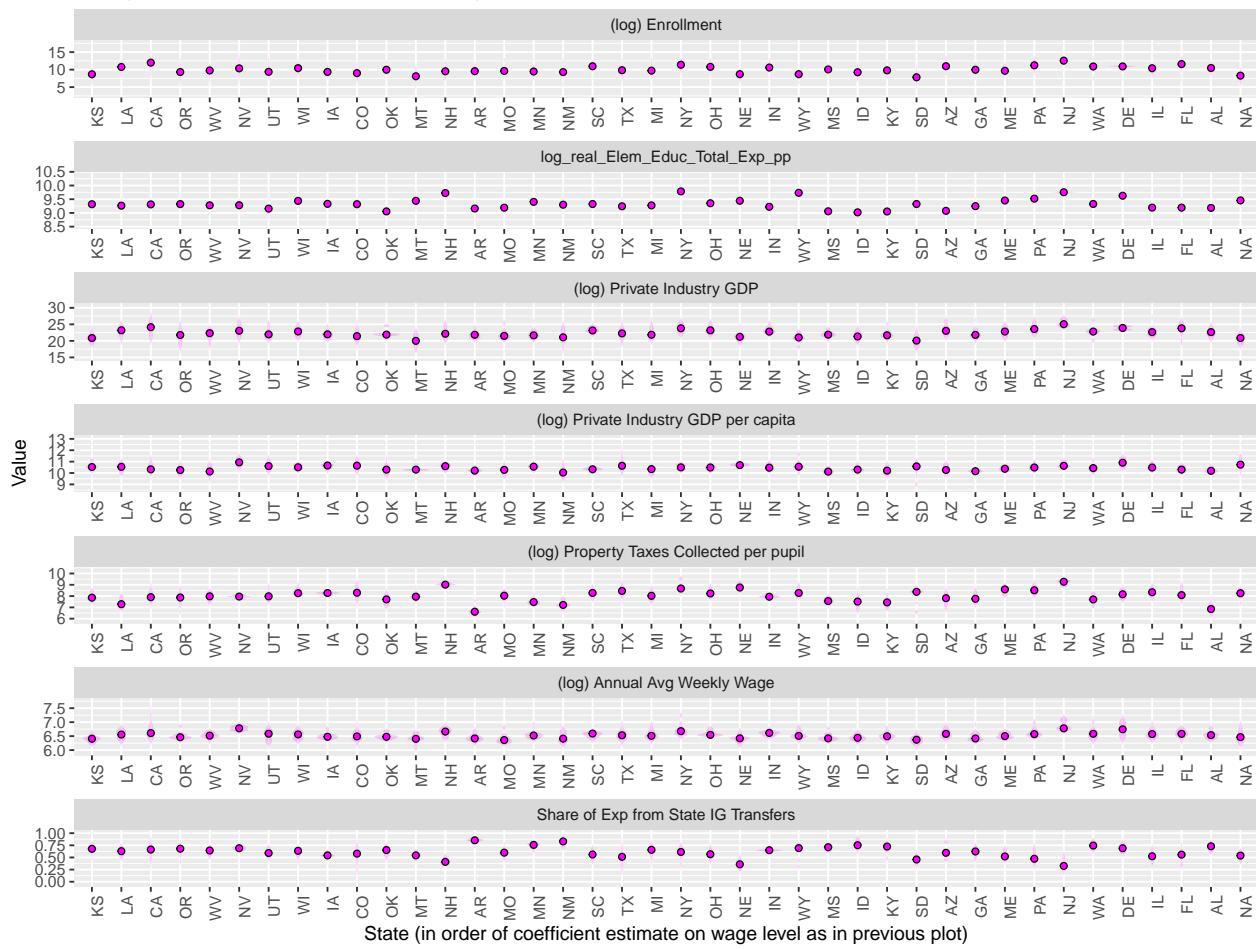
4.3.5.1 Shift-share

Effect of 1% Increase in SS GDP Instrument on Education Expenditure per



Value of Covariates in Order of State-level Coefficient Estimate

Displays the distribution of various covariates by state.



4.3.5.1.1 Industry by Industry: GDP

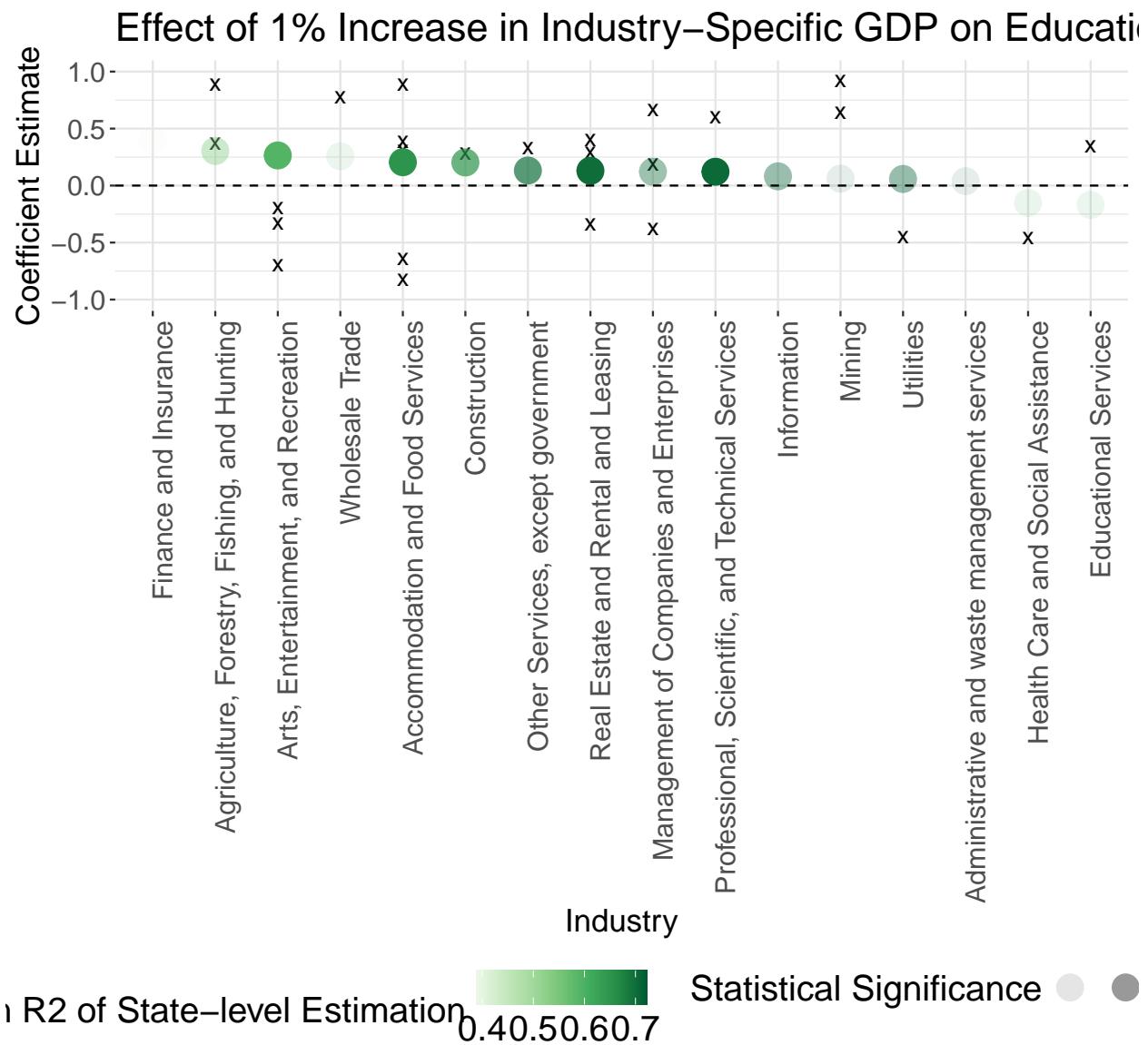
```
% latex table generated in R 4.5.0 by xtable 1.8-4 package
% Fri Jul 4 09:06:33 2025
\begin{table}[ht]
\centering
\begin{tabular}{ll}
\hline
NAICS.Code & Industry \\
\hline
11 & Agriculture, Forestry, Fishing, and Hunting \\
21 & Mining \\
23 & Construction \\
31\_33 & Manufacturing \\
42 & Wholesale Trade \\
44\_45 & Retail Trade \\
48\_49 & Transportation and Warehousing \\
22 & Utilities \\
51 & Information \\
52 & Finance and Insurance \\
53 & Real Estate and Rental and Leasing \\
\end{tabular}

```

```

54 & Professional, Scientific, and Technical Services \\
55 & Management of Companies and Enterprises \\
56 & Administrative and waste management services \\
61 & Educational Services \\
62 & Health Care and Social Assistance \\
71 & Arts, Entertainment, and Recreation \\
72 & Accommodation and Food Services \\
81 & Other Services, except government \\
\hline
\end{tabular}
\end{table}

```



4.3.5.1.2 Industry by Industry: Wages

Table 20: 10

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
<i>Model:</i>					
(log) House Price Index	2.738*** (0.8361)	1.902*** (0.5076)	3.639** (1.688)	3.733** (1.596)	5.093 (3.207)
(log) IG Revenue pp	0.7459*** (0.1571)	0.5404*** (0.1555)	0.6182 (0.3881)	0.9818*** (0.3136)	1.066* (0.5599)
(log) Real GDP Priv. Industry pc	-0.1380 (0.1159)	-0.0299 (0.1182)	-0.2318 (0.2755)	-0.2380 (0.1789)	-0.1977 (0.2904)
(log) Enrollment	-0.4187*** (0.1211)	-0.2824*** (0.0707)	-0.5840** (0.2576)	-0.5775** (0.2536)	-0.8515 (0.5150)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12,122	4,992	3,033	7,130	2,845
R ²	-6.4377	-2.1673	-10.779	-11.674	-23.831
Within R ²	-17.411	-7.4844	-27.823	-30.796	-48.781
F-test (2nd stage)	2.64×10^{-11}	-7.63×10^{-13}	-2.12×10^{-12}	-3.06×10^{-11}	-2.77×10^{-12}
F-test (2nd stage), p-value	1.0000	1	1	1	1
Wald (IV only)	10.726	14.043	4.6488	5.4732	2.5220
Wald (IV only), p-value	0.00106	0.00018	0.03115	0.01934	0.11238

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 21: 11

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	(log) Elem.Ed.Exp.pp Growing (4)	(log) Elem.Ed.Exp.pp Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.4751 (0.2843)	0.2904** (0.1198)	0.1681 (0.1079)	0.4956 (0.3344)	0.6078 (0.5768)
(log) IG Revenue pp	0.1938** (0.0763)	0.1421*** (0.0421)	0.1074*** (0.0260)	0.2061*** (0.0697)	0.1954* (0.1072)
(log) Real GDP Priv. Industry pc	0.0103 (0.0247)	0.0336 (0.0251)	0.0447 (0.0302)	0.0077 (0.0316)	0.0086 (0.0441)
(log) Enrollment	-0.0776* (0.0427)	-0.0475*** (0.0174)	-0.0356** (0.0163)	-0.0843 (0.0542)	-0.1137 (0.1046)
(l1, log) Elem.Ed.Exp.pp	0.6461*** (0.0800)	0.6705*** (0.0584)	0.7190*** (0.0339)	0.6627*** (0.0623)	0.6810*** (0.0893)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	10,748	4,439	2,640	6,309	2,533
R ²	0.70464	0.85439	0.86608	0.70151	0.55907
Within R ²	0.24187	0.60010	0.68775	0.21950	0.10911
F-test (1st stage), (log) House Price Index	4.0665	8.6736	9.5662	2.6178	1.3881
F-test (1st stage), p-value, (log) House Price Index	0.04377	0.00325	0.00200	0.10572	0.23883
F-test (2nd stage)	8.2540	6.9213	2.0516	4.7607	2.5105
F-test (2nd stage), p-value	0.00407	0.00855	0.15216	0.02915	0.11322
Wu-Hausman	7.2235	5.1882	1.4603	4.2054	2.2433
Wu-Hausman, p-value	0.00721	0.02279	0.22699	0.04034	0.13432
Wald (IV only)	2.7932	5.8789	2.4272	2.1970	1.1104
Wald (IV only), p-value	0.09469	0.01536	0.11936	0.13833	0.29211

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 22: 21

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	(log) Elem.Ed.Exp.pp (4)	(log) Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.2689* (0.1516)	0.2694 (0.5481)	0.4174 (0.5184)	0.4348* (0.2266)	0.2024 (0.1774)
(log) IG Revenue pp	0.1408*** (0.0314)	0.1371 (0.1377)	0.1439 (0.0890)	0.1863*** (0.0402)	0.1051* (0.0575)
(log) Real GDP Priv. Industry pc	0.0303** (0.0136)	0.0351 (0.0471)	0.0083 (0.0807)	0.0196 (0.0207)	0.0432*** (0.0132)
(log) Enrollment	-0.0425* (0.0214)	-0.0442 (0.0778)	-0.0780 (0.0862)	-0.0674* (0.0336)	-0.0425 (0.0302)
(l1, log) Elem.Ed.Exp.pp	0.6962*** (0.0401)	0.6763*** (0.2222)	0.6782*** (0.0889)	0.6703*** (0.0382)	0.7321*** (0.0690)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	8,338	3,779	2,280	4,559	1,739
R ²	0.85639	0.86740	0.75493	0.78044	0.82478
Within R ²	0.60582	0.62068	0.40705	0.37984	0.62308
F-test (1st stage), (log) House Price Index	6.6962	0.66935	0.83422	3.5996	1.3924
F-test (1st stage), p-value, (log) House Price Index	0.00968	0.41333	0.36115	0.05785	0.23816
F-test (2nd stage)	4.5261	0.47784	1.1161	5.1590	0.28266
F-test (2nd stage), p-value	0.03341	0.48945	0.29087	0.02317	0.59503
Wu-Hausman	3.4706	0.34941	0.97289	4.4231	0.21073
Wu-Hausman, p-value	0.06250	0.55448	0.32407	0.03551	0.64625
Wald (IV only)	3.1489	0.24159	0.64826	3.6805	1.3018
Wald (IV only), p-value	0.07601	0.62309	0.42082	0.05512	0.25405

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 23: 22

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	(log) Elem.Ed.Exp.pp Growing (4)	(log) Elem.Ed.Exp.pp Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.1231 (0.1091)	0.1317 (0.2905)	0.3240 (0.2601)	0.1172 (0.1477)	0.2999 (0.2101)
(log) IG Revenue pp	0.1156*** (0.0320)	0.1096 (0.0675)	0.1251** (0.0465)	0.1280*** (0.0317)	0.1753** (0.0821)
(log) Real GDP Priv. Industry pc	0.0377*** (0.0097)	0.0456** (0.0207)	0.0287 (0.0427)	0.0390*** (0.0131)	0.0388** (0.0149)
(log) Enrollment	-0.0229 (0.0166)	-0.0251 (0.0447)	-0.0593 (0.0439)	-0.0219 (0.0221)	-0.0553 (0.0363)
(l1, log) Elem.Ed.Exp.pp	0.7456*** (0.0393)	0.7295*** (0.1251)	0.6820*** (0.0744)	0.7421*** (0.0323)	0.7032*** (0.0776)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	10,293	4,553	2,693	5,740	2,300
R ²	0.88574	0.89745	0.81163	0.88001	0.78028
Within R ²	0.71809	0.71632	0.53677	0.70857	0.56563
F-test (1st stage), (log) House Price Index	14.269	2.9590	4.3493	13.477	6.8165
F-test (1st stage), p-value, (log) House Price Index	0.00016	0.08547	0.03712	0.00024	0.00909
F-test (2nd stage)	1.8777	0.43772	3.2340	1.4089	3.4829
F-test (2nd stage), p-value	0.17063	0.50826	0.07224	0.23530	0.06213
Wu-Hausman	0.89007	0.18109	2.6799	0.65755	2.5311
Wu-Hausman, p-value	0.34548	0.67046	0.10174	0.41746	0.11176
Wald (IV only)	1.2724	0.20559	1.5513	0.62939	2.0374
Wald (IV only), p-value	0.25935	0.65027	0.21305	0.42761	0.15361

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 24: 23

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	(log) Elem.Ed.Exp.pp Growing (4)	(log) Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.2345 (0.1460)	0.2120 (0.2407)	0.3747 (0.3833)	0.2595* (0.1402)	0.3017* (0.1705)
(log) IG Revenue pp	0.1382*** (0.0496)	0.1224** (0.0551)	0.1240** (0.0521)	0.1578** (0.0683)	0.1594** (0.0642)
(log) Real GDP Priv. Industry pc	0.0302** (0.0142)	0.0417** (0.0196)	0.0254 (0.0476)	0.0272 (0.0171)	0.0286 (0.0203)
(log) Enrollment	-0.0406* (0.0228)	-0.0374 (0.0346)	-0.0680 (0.0600)	-0.0445* (0.0225)	-0.0527* (0.0275)
(l1, log) Elem.Ed.Exp.pp	0.7067*** (0.0609)	0.6893*** (0.1048)	0.6553*** (0.1023)	0.7037*** (0.0664)	0.7070*** (0.0742)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12,068	4,972	3,013	7,096	2,811
R ²	0.84802	0.87423	0.76715	0.83580	0.76425
Within R ²	0.61602	0.64773	0.39880	0.58391	0.52389
F-test (1st stage), (log) House Price Index	6.4766	1.9073	0.76926	6.0087	2.3326
F-test (1st stage), p-value, (log) House Price Index	0.01094	0.16733	0.38052	0.01426	0.12681
F-test (2nd stage)	3.1834	0.76166	0.83429	3.1220	1.2311
F-test (2nd stage), p-value	0.07442	0.38285	0.36111	0.07729	0.26729
Wu-Hausman	2.3022	0.47085	0.70866	2.3681	0.95505
Wu-Hausman, p-value	0.12922	0.49263	0.39996	0.12388	0.32852
Wald (IV only)	2.5790	0.77534	0.95572	3.4245	3.1311
Wald (IV only), p-value	0.10832	0.37861	0.32835	0.06428	0.07692

Clustered (state) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Table 25: 42

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	-1.606 (2.413)	-0.5818 (0.3966)	-1.097 (0.8118)	33.01 (1,351.4)	-1.068 (1.576)
(log) IG Revenue pp	-0.3044 (0.6049)	-0.0658 (0.1215)	-0.0692 (0.2002)	8.067 (326.3)	-0.1128 (0.3203)
(log) Real GDP Priv. Industry pc	0.1677 (0.1970)	0.0713* (0.0372)	0.1447 (0.0915)	-2.829 (117.5)	0.0888 (0.0812)
(log) Enrollment	0.2385 (0.3658)	0.0799 (0.0607)	0.1635 (0.1345)	-5.058 (206.8)	0.1747 (0.2661)
(l1, log) Elem.Ed.Exp.pp	1.225* (0.6748)	1.005*** (0.1733)	0.9683*** (0.2023)	-6.617 (301.2)	0.9099*** (0.2789)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,843	4,913	2,993	6,930	2,785
R ²	-1.7951	0.55685	-0.24034	-982.35	-0.38327
Within R ²	-5.8846	-0.20616	-2.0660	-2,413.5	-1.6671
F-test (1st stage), (log) House Price Index	0.32465	1.6443	0.52854	0.00038	0.28468
F-test (1st stage), p-value, (log) House Price Index	0.56884	0.19980	0.46728	0.98449	0.59369
F-test (2nd stage)	7.1772	4.9048	5.0219	2.9689	1.8050
F-test (2nd stage), p-value	0.00739	0.02683	0.02510	0.08492	0.17922
Wu-Hausman	7.5715	5.7489	5.2298	2.9752	1.9241
Wu-Hausman, p-value	0.00594	0.01654	0.02227	0.08459	0.16551
Wald (IV only)	0.44311	2.1524	1.8274	0.00060	0.45923
Wald (IV only), p-value	0.50564	0.14241	0.17654	0.98052	0.49804

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 26: 51

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	Elem.Ed.Exp.pp Growing (4)	(log) Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.0872* (0.0482)	0.1939 (0.1170)	0.7147 (1.338)	0.0649 (0.0807)	-0.0080 (0.0778)
(log) IG Revenue pp	0.1061*** (0.0274)	0.1242*** (0.0328)	0.1888 (0.2157)	0.1144** (0.0459)	0.1031 (0.0655)
(log) Real GDP Priv. Industry pc	0.0406*** (0.0067)	0.0455*** (0.0158)	0.0040 (0.1190)	0.0417*** (0.0077)	0.0428*** (0.0078)
(log) Enrollment	-0.0183** (0.0074)	-0.0352** (0.0171)	-0.1226 (0.2118)	-0.0146 (0.0118)	-0.0021 (0.0138)
(l1, log) Elem.Ed.Exp.pp	0.7497*** (0.0307)	0.7010*** (0.0473)	0.5981** (0.2660)	0.7439*** (0.0458)	0.7521*** (0.0687)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,992	4,992	3,033	7,000	2,751
R ²	0.88635	0.88167	0.46194	0.88154	0.83108
Within R ²	0.71798	0.68302	-0.31662	0.70119	0.66171
F-test (1st stage), (log) House Price Index	68.116	19.558	2.3674	22.963	36.045
F-test (1st stage), p-value, (log) House Price Index	1.7×10^{-16}	9.97×10^{-6}	0.12400	1.69×10^{-6}	2.18×10^{-9}
F-test (2nd stage)	4.6021	6.4864	9.3218	0.75098	0.01324
F-test (2nd stage), p-value	0.03195	0.01090	0.00228	0.38620	0.90840
Wu-Hausman	1.5362	3.8333	8.5665	0.15402	0.42648
Wu-Hausman, p-value	0.21521	0.05030	0.00345	0.69473	0.51378
Wald (IV only)	3.2702	2.7460	0.28521	0.64684	0.01053
Wald (IV only), p-value	0.07057	0.09756	0.59335	0.42127	0.91825

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 27: 52

Dependent Variable:	All	Declining	(log) Elem.Ed.Exp.pp	Growing	Hyper-Growing
Model:	(1)	(2)	(3)	(4)	(5)
<i>Variables</i>					
(log) House Price Index	0.1002 (0.0670)	0.4983 (0.6033)	0.3133 (0.3569)	0.0582 (0.1656)	-0.0802 (0.0821)
(log) IG Revenue pp	0.1080*** (0.0306)	0.1984 (0.1433)	0.1298** (0.0594)	0.1104* (0.0622)	0.0844 (0.0585)
(log) Real GDP Priv. Industry pc	0.0403*** (0.0081)	0.0320 (0.0458)	0.0363 (0.0485)	0.0432*** (0.0138)	0.0464*** (0.0074)
(log) Enrollment	-0.0207** (0.0101)	-0.0792 (0.0864)	-0.0592 (0.0561)	-0.0145 (0.0248)	0.0088 (0.0137)
(l1, log) Elem.Ed.Exp.pp	0.7470*** (0.0346)	0.5761** (0.2372)	0.6802*** (0.0884)	0.7463*** (0.0569)	0.7602*** (0.0630)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12,103	4,992	3,033	7,111	2,826
R ²	0.88355	0.71893	0.81131	0.87999	0.81573
Within R ²	0.71194	0.24709	0.53828	0.69941	0.63273
F-test (1st stage), (log) House Price Index	53.025	6.2433	8.5907	13.082	40.945
F-test (1st stage), p-value, (log) House Price Index	3.5×10^{-13}	0.01250	0.00340	0.00030	1.83×10^{-10}
F-test (2nd stage)	4.6894	13.729	6.4795	0.33702	1.4543
F-test (2nd stage), p-value	0.03037	0.00021	0.01096	0.56157	0.22793
Wu-Hausman	1.9502	11.448	5.3724	0.05850	3.1238
Wu-Hausman, p-value	0.16259	0.00072	0.02053	0.80889	0.07727
Wald (IV only)	2.2349	0.68223	0.77041	0.12353	0.95456
Wald (IV only), p-value	0.13495	0.40886	0.38016	0.72525	0.32865

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 28: 53

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.1307*** (0.0400)	0.1892*** (0.0546)	0.1611* (0.0811)	0.0799** (0.0339)	0.0959** (0.0397)
(log) IG Revenue pp	0.1163*** (0.0297)	0.1230*** (0.0280)	0.1075*** (0.0245)	0.1165*** (0.0398)	0.1208** (0.0590)
(log) Real GDP Priv. Industry pc	0.0380*** (0.0073)	0.0457*** (0.0158)	0.0486** (0.0204)	0.0411*** (0.0061)	0.0391*** (0.0089)
(log) Enrollment	-0.0248*** (0.0067)	-0.0345*** (0.0084)	-0.0352** (0.0135)	-0.0169*** (0.0055)	-0.0193*** (0.0068)
(1l, log) Elem.Ed.Exp.pp	0.7365*** (0.0336)	0.7030*** (0.0344)	0.7113*** (0.0331)	0.7404*** (0.0403)	0.7371*** (0.0650)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12,043	4,992	3,033	7,051	2,782
R ²	0.87934	0.88288	0.86842	0.87917	0.82595
Within R ²	0.70105	0.68627	0.67803	0.69617	0.65795
F-test (1st stage), (log) House Price Index	529.67	149.49	80.772	432.17	169.72
F-test (1st stage), p-value, (log) House Price Index	9.85×10^{-115}	6.84×10^{-34}	4.37×10^{-19}	3.35×10^{-93}	1.08×10^{-37}
F-test (2nd stage)	76.695	46.387	15.772	19.711	8.1730
F-test (2nd stage), p-value	2.26×10^{-18}	1.09×10^{-11}	7.31×10^{-5}	9.15×10^{-6}	0.00428
Wu-Hausman	40.925	27.611	11.062	6.1721	3.0129
Wu-Hausman, p-value	1.64×10^{-10}	1.55×10^{-7}	0.00089	0.01300	0.08272
Wald (IV only)	10.664	12.026	3.9455	5.5458	5.8216
Wald (IV only), p-value	0.00110	0.00053	0.04709	0.01855	0.01590

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 29: 54

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.1747*** (0.0408)	0.2665** (0.1082)	0.2875 (0.1712)	0.1608*** (0.0473)	0.0920** (0.0393)
(log) IG Revenue pp	0.1227*** (0.0249)	0.1399*** (0.0401)	0.1217*** (0.0426)	0.1304*** (0.0385)	0.1157* (0.0582)
(log) Real GDP Priv. Industry pc	0.0319*** (0.0091)	0.0472** (0.0199)	0.0425 (0.0315)	0.0292*** (0.0100)	0.0314*** (0.0102)
(log) Enrollment	-0.0315*** (0.0061)	-0.0469*** (0.0167)	-0.0568** (0.0261)	-0.0292*** (0.0078)	-0.0172** (0.0074)
(11, log) Elem.Ed.Exp.pp	0.7282*** (0.0279)	0.6755*** (0.0499)	0.6845*** (0.0486)	0.7266*** (0.0399)	0.7386*** (0.0681)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,749	4,853	2,953	6,896	2,651
R ²	0.87204	0.86104	0.83055	0.87022	0.83280
Within R ²	0.67639	0.62479	0.58763	0.66446	0.65352
F-test (1st stage), (log) House Price Index	117.94	15.821	11.063	86.773	85.145
F-test (1st stage), p-value, (log) House Price Index	2.41×10^{-27}	7.06×10^{-5}	0.00089	1.61×10^{-20}	5.54×10^{-20}
F-test (2nd stage)	31.453	9.5402	6.6480	17.428	4.2126
F-test (2nd stage), p-value	2.09×10^{-8}	0.00202	0.00998	3.02×10^{-5}	0.04022
Wu-Hausman	19.959	6.5304	5.3088	11.030	1.7378
Wu-Hausman, p-value	7.98×10^{-6}	0.01064	0.02129	0.00090	0.18753
Wald (IV only)	18.381	6.0702	2.8188	11.547	5.4864
Wald (IV only), p-value	1.82×10^{-5}	0.01378	0.09327	0.00068	0.01924

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 30: 55

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	(log) Elem.Ed.Exp.pp Growing (4)	(log) Elem.Ed.Exp.pp Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.1656 (0.1132)	0.1826 (0.2706)	0.3393 (0.6039)	0.2115 (0.1899)	0.3591 (0.3981)
(log) IG Revenue pp	0.1015*** (0.0322)	0.0983** (0.0476)	0.0881** (0.0424)	0.1380* (0.0697)	0.1064 (0.1330)
(log) Real GDP Priv. Industry pc	0.0219 (0.0189)	0.0446* (0.0221)	0.0309 (0.0646)	0.0063 (0.0394)	-0.0459 (0.0828)
(log) Enrollment	-0.0251 (0.0162)	-0.0318 (0.0390)	-0.0621 (0.0949)	-0.0244 (0.0227)	-0.0632 (0.0730)
(l1, log) Elem.Ed.Exp.pp	0.7319*** (0.0533)	0.7088*** (0.1342)	0.6552*** (0.1933)	0.7036*** (0.0752)	0.6875*** (0.0922)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	8,180	3,940	2,260	4,240	1,200
R ²	0.89905	0.90226	0.81748	0.88860	0.69635
Within R ²	0.67358	0.67228	0.48745	0.59852	0.23838
F-test (1st stage), (log) House Price Index	10.319	2.4466	1.4510	4.7011	1.7793
F-test (1st stage), p-value, (log) House Price Index	0.00132	0.11786	0.22850	0.03020	0.18249
F-test (2nd stage)	2.9649	0.81213	1.2462	1.9403	1.2552
F-test (2nd stage), p-value	0.08513	0.36755	0.26439	0.16371	0.26279
Wu-Hausman	1.7380	0.47440	0.99660	1.2692	1.0510
Wu-Hausman, p-value	0.18742	0.49101	0.31824	0.25999	0.30549
Wald (IV only)	2.1418	0.45548	0.31562	1.2405	0.81378
Wald (IV only), p-value	0.14338	0.49978	0.57431	0.26543	0.36719

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 31: 56

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	-0.0332 (0.0344)	-0.0500 (0.0466)	-0.0408 (0.0419)	0.0100 (0.0283)	0.0851 (0.0768)
(log) IG Revenue pp	0.0733*** (0.0176)	0.0646*** (0.0180)	0.0776*** (0.0138)	0.0952*** (0.0337)	0.1136* (0.0619)
(log) Real GDP Priv. Industry pc	0.0495*** (0.0054)	0.0570*** (0.0092)	0.0646*** (0.0101)	0.0471*** (0.0045)	0.0412*** (0.0082)
(log) Enrollment	-5.19×10^{-5} (0.0057)	0.0008 (0.0079)	-0.0031 (0.0074)	-0.0066 (0.0050)	-0.0198 (0.0135)
(l1, log) Elem.Ed.Exp.pp	0.7891*** (0.0237)	0.7974*** (0.0326)	0.7540*** (0.0262)	0.7620*** (0.0355)	0.7413*** (0.0694)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,501	4,933	2,993	6,568	2,492
R ²	0.88620	0.89218	0.88066	0.88577	0.83533
Within R ²	0.71612	0.70904	0.70852	0.71261	0.67281
F-test (1st stage), (log) House Price Index	217.14	67.721	129.28	182.58	49.966
F-test (1st stage), p-value, (log) House Price Index	1.06×10^{-48}	2.39×10^{-16}	2.36×10^{-29}	4.69×10^{-41}	2.03×10^{-12}
F-test (2nd stage)	2.0825	1.4582	1.5684	0.13486	2.0103
F-test (2nd stage), p-value	0.14903	0.22727	0.21053	0.71346	0.15636
Wu-Hausman	9.7205	5.4627	4.6420	0.87449	0.73450
Wu-Hausman, p-value	0.00183	0.01947	0.03128	0.34975	0.39151
Wald (IV only)	0.93133	1.1551	0.94618	0.12392	1.2268
Wald (IV only), p-value	0.33454	0.28254	0.33077	0.72483	0.26814

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 32: 61

Dependent Variable:	All (1)	Declining (2)	(log) Hyper-Declining (3)	Elem.Ed.Exp.pp Growing (4)	(log) Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	-0.0565 (0.0633)	-0.1766 (0.4800)	-0.7053 (3.227)	-0.0781 (0.0631)	-0.0443 (0.0376)
(log) IG Revenue pp	0.0643** (0.0253)	0.0302 (0.1190)	-0.0191 (0.4755)	0.0711* (0.0377)	0.0859 (0.0570)
(log) Real GDP Priv. Industry pc	0.0481*** (0.0065)	0.0628*** (0.0179)	0.1056 (0.1457)	0.0498*** (0.0084)	0.0370*** (0.0092)
(log) Enrollment	0.0027 (0.0098)	0.0163 (0.0674)	0.0954 (0.4928)	0.0063 (0.0101)	0.0023 (0.0077)
(l1, log) Elem.Ed.Exp.pp	0.7998*** (0.0303)	0.8690*** (0.2241)	0.9444 (0.9508)	0.7785*** (0.0349)	0.7491*** (0.0570)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	10,941	4,632	2,733	6,309	2,329
R ²	0.88441	0.85713	0.39538	0.87751	0.82792
Within R ²	0.69356	0.60901	-0.47845	0.66173	0.62930
F-test (1st stage), (log) House Price Index	101.44	4.9727	1.0000	84.348	178.89
F-test (1st stage), p-value, (log) House Price Index	9.35×10^{-24}	0.02580	0.31739	5.53×10^{-20}	2.39×10^{-39}
F-test (2nd stage)	3.0431	1.3794	3.7637	4.2420	1.9841
F-test (2nd stage), p-value	0.08111	0.24026	0.05248	0.03948	0.15909
Wu-Hausman	8.9189	2.3410	4.1340	9.1307	6.5196
Wu-Hausman, p-value	0.00283	0.12608	0.04213	0.00252	0.01073
Wald (IV only)	0.79573	0.13535	0.04779	1.5340	1.3877
Wald (IV only), p-value	0.37239	0.71296	0.82697	0.21556	0.23891

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 33: 62

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.0179 (0.0515)	-0.0057 (0.0373)	0.0062 (0.0408)	-1.170 (9.039)	3.492 (68.23)
(log) IG Revenue pp	0.0838*** (0.0184)	0.0742*** (0.0158)	0.0816*** (0.0131)	-0.1990 (2.241)	0.8679 (15.26)
(log) Real GDP Priv. Industry pc	0.0453*** (0.0072)	0.0568*** (0.0111)	0.0666*** (0.0158)	0.1445 (0.7392)	-0.1813 (4.500)
(log) Enrollment	-0.0083 (0.0073)	-0.0070 (0.0049)	-0.0113* (0.0059)	0.1667 (1.336)	-0.5377 (10.41)
(l1, log) Elem.Ed.Exp.pp	0.7768*** (0.0206)	0.7915*** (0.0237)	0.7502*** (0.0240)	1.025 (2.032)	0.3392 (8.097)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,469	4,699	2,800	6,770	2,641
R ²	0.89037	0.89955	0.87819	-0.44007	-10.789
Within R ²	0.72633	0.73497	0.71408	-2.7119	-22.647
F-test (1st stage), (log) House Price Index	40.359	140.87	183.39	0.16182	0.03162
F-test (1st stage), p-value, (log) House Price Index	2.19×10^{-10}	4.93×10^{-32}	1.66×10^{-40}	0.68750	0.85888
F-test (2nd stage)	0.11794	0.04035	0.05102	1.7513	2.1886
F-test (2nd stage), p-value	0.73128	0.84081	0.82132	0.18576	0.13916
Wu-Hausman	0.13906	3.5178	0.79688	1.8627	2.1337
Wu-Hausman, p-value	0.70923	0.06078	0.37211	0.17236	0.14422
Wald (IV only)	0.12085	0.02360	0.02287	0.01674	0.00262
Wald (IV only), p-value	0.72812	0.87791	0.87981	0.89705	0.95918

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 34: 71

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.2862** (0.1134)	0.3459*** (0.1079)	0.3443*** (0.1043)	0.2444 (0.1555)	0.2812 (0.3143)
(log) IG Revenue pp	0.1631*** (0.0557)	0.1707*** (0.0503)	0.1439*** (0.0420)	0.1719** (0.0726)	0.1851* (0.1068)
(log) Real GDP Priv. Industry pc	0.0311** (0.0139)	0.0570** (0.0241)	0.0546* (0.0319)	0.0267 (0.0195)	0.0239 (0.0333)
(log) Enrollment	-0.0485** (0.0188)	-0.0601*** (0.0183)	-0.0670*** (0.0205)	-0.0408* (0.0239)	-0.0489 (0.0554)
(11, log) Elem.Ed.Exp.pp	0.6847*** (0.0593)	0.6287*** (0.0575)	0.6546*** (0.0479)	0.6937*** (0.0680)	0.6703*** (0.1063)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,739	4,893	2,953	6,846	2,626
R ²	0.82966	0.82787	0.80762	0.84504	0.77500
Within R ²	0.56699	0.53215	0.53410	0.59676	0.51865
F-test (1st stage), (log) House Price Index	140.36	58.094	50.245	86.986	28.440
F-test (1st stage), p-value, (log) House Price Index	3.39×10^{-32}	2.99×10^{-14}	1.69×10^{-12}	1.45×10^{-20}	1.05×10^{-7}
F-test (2nd stage)	101.78	58.300	42.290	41.223	13.398
F-test (2nd stage), p-value	7.74×10^{-24}	2.69×10^{-14}	9.22×10^{-11}	1.45×10^{-10}	0.00026
Wu-Hausman	77.531	43.482	34.378	30.083	9.8483
Wu-Hausman, p-value	1.49×10^{-18}	4.74×10^{-11}	5.05×10^{-9}	4.29×10^{-8}	0.00172
Wald (IV only)	6.3654	10.286	10.904	2.4697	0.80045
Wald (IV only), p-value	0.01165	0.00135	0.00097	0.11611	0.37104

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 35: 72

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.1717*** (0.0522)	0.2733*** (0.0997)	0.3087*** (0.0984)	0.1069** (0.0435)	0.0496* (0.0284)
(log) IG Revenue pp	0.1286*** (0.0347)	0.1472** (0.0421)	0.1307*** (0.0381)	0.1255*** (0.0419)	0.1145** (0.0487)
(log) Real GDP Priv. Industry pc	0.0385*** (0.0103)	0.0467** (0.0214)	0.0382 (0.0325)	0.0427*** (0.0090)	0.0465*** (0.0104)
(log) Enrollment	-0.0317*** (0.0083)	-0.0478*** (0.0158)	-0.0591*** (0.0158)	-0.0222*** (0.0065)	-0.0149*** (0.0044)
(l1, log) Elem.Ed.Exp.pp	0.7250*** (0.0357)	0.6660*** (0.0515)	0.6774*** (0.0435)	0.7350*** (0.0388)	0.7346*** (0.0545)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	11,848	4,953	3,013	6,895	2,666
R ²	0.87107	0.85391	0.81359	0.87967	0.83432
Within R ²	0.67859	0.60332	0.54393	0.69720	0.66733
F-test (1st stage), (log) House Price Index	285.52	70.665	52.020	258.70	219.75
F-test (1st stage), p-value, (log) House Price Index	2.6×10^{-63}	5.48×10^{-17}	6.93×10^{-13}	3.62×10^{-57}	8.13×10^{-48}
F-test (2nd stage)	74.856	46.209	38.217	22.745	2.9270
F-test (2nd stage), p-value	5.71×10^{-18}	1.19×10^{-11}	7.19×10^{-10}	1.89×10^{-6}	0.08722
Wu-Hausman	48.301	32.868	31.988	11.025	0.30354
Wu-Hausman, p-value	3.85×10^{-12}	1.05×10^{-8}	1.7×10^{-8}	0.00090	0.58172
Wald (IV only)	10.818	7.5169	9.8454	6.0448	3.0504
Wald (IV only), p-value	0.00101	0.00613	0.00172	0.01397	0.08084

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

Table 36: 81

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	0.3777 (0.7822)	0.6266 (5.475)	-0.0730 (0.6031)	-13.67 (1,375.3)	1.448 (9.563)
(log) IG Revenue pp	0.1750 (0.1957)	0.2296 (1.326)	0.0731 (0.0859)	-3.145 (325.9)	0.3748 (1.851)
(log) Real GDP Priv. Industry pc	0.0215 (0.0597)	0.0264 (0.2425)	0.0675 (0.0492)	1.093 (105.0)	-0.0254 (0.4187)
(log) Enrollment	-0.0625 (0.1183)	-0.0978 (0.7934)	0.0017 (0.0954)	2.089 (210.7)	-0.2454 (1.591)
(l1, log) Elem.Ed.Exp.pp	0.6677*** (0.2357)	0.5235 (2.247)	0.7592*** (0.1216)	3.529 (278.8)	0.5342 (1.396)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12,122	4,992	3,033	7,130	2,845
R ²	0.77036	0.60097	0.87538	-171.39	-1.0939
Within R ²	0.43157	-0.06889	0.69507	-431.48	-3.1978
F-test (1st stage), (log) House Price Index	0.71820	0.02151	0.37055	0.00021	0.06346
F-test (1st stage), p-value, (log) House Price Index	0.39675	0.88340	0.54275	0.98849	0.80113
F-test (2nd stage)	0.90333	0.07467	0.01518	0.29574	0.74446
F-test (2nd stage), p-value	0.34191	0.78466	0.90194	0.58658	0.38831
Wu-Hausman	0.74610	0.06482	0.02852	0.29808	0.70502
Wu-Hausman, p-value	0.38773	0.79904	0.86590	0.58511	0.40117
Wald (IV only)	0.23309	0.01310	0.01465	9.88×10^{-5}	0.02292
Wald (IV only), p-value	0.62925	0.90889	0.90366	0.99207	0.87968

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

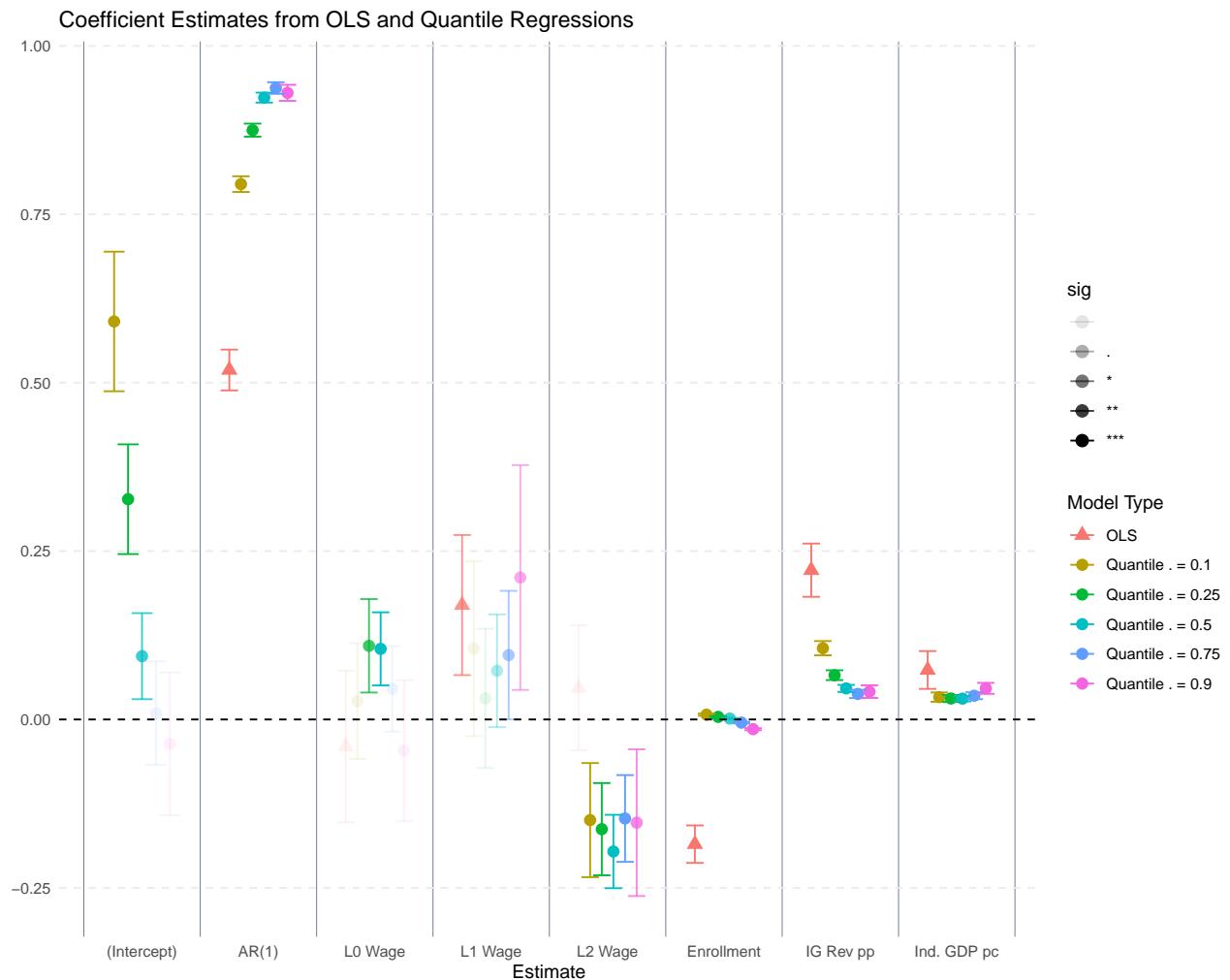
Table 37: 92

Dependent Variable:	All (1)	Declining (2)	(log) Elem.Ed.Exp.pp Hyper-Declining (3)	Growing (4)	Hyper-Growing (5)
Model:					
<i>Variables</i>					
(log) House Price Index	-0.2303 (0.1627)	-5.208 (57.22)	-0.3154 (0.3628)	-0.0977 (0.0862)	-0.0856 (0.1540)
(log) IG Revenue pp	0.0280 (0.0428)	-1.192 (13.92)	0.0375 (0.0636)	0.0735* (0.0405)	0.0839 (0.0756)
(log) Real GDP Priv. Industry pc	0.0625*** (0.0137)	0.2837 (2.439)	0.0870** (0.0354)	0.0550*** (0.0072)	0.0471*** (0.0087)
(log) Enrollment	0.0292 (0.0255)	0.7465 (8.291)	0.0400 (0.0585)	0.0094 (0.0143)	0.0095 (0.0267)
(11, log) Elem.Ed.Exp.pp	0.8397*** (0.0509)	2.918 (23.53)	0.8087*** (0.0886)	0.7767*** (0.0380)	0.7590*** (0.0758)
<i>Fixed-effects</i>					
state	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>					
Observations	12,122	4,992	3,033	7,130	2,845
R ²	0.81651	-23.675	0.77935	0.86451	0.81473
Within R ²	0.54580	-65.098	0.46008	0.66008	0.62859
F-test (1st stage), (log) House Price Index	39.125	0.11711	7.3127	73.351	28.722
F-test (1st stage), p-value, (log) House Price Index	4.11×10^{-10}	0.73220	0.00689	1.32×10^{-17}	9.03×10^{-8}
F-test (2nd stage)	18.272	28.245	5.5897	5.2697	1.1673
F-test (2nd stage), p-value	1.93×10^{-5}	1.12×10^{-7}	0.01813	0.02173	0.28005
Wu-Hausman	24.689	29.061	6.5754	9.6470	2.3530
Wu-Hausman, p-value	6.83×10^{-7}	7.34×10^{-8}	0.01039	0.00190	0.12515
Wald (IV only)	2.0040	0.00828	0.75577	1.2833	0.30930
Wald (IV only), p-value	0.15691	0.92748	0.38473	0.25733	0.57816

Clustered (state) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

4.3.6 Quantile Regression



Dependent Variable:	(log) Elem.Ed.Exp.pp
Model:	(1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage	0.1770*** (0.0597)
(log,l2) Real GDP Priv. Industry pc	0.0622** (0.0259)
(log) Prop Taxpp	0.1940*** (0.0157)
(log) House Price Index	0.1643*** (0.0197)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	11,521
R ²	0.84815
Within R ²	0.18964

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

Dependent Variable:	(log) Elem.Ed.Exp.pp
Model:	(1)
<i>Variables</i>	
(log) Annual Avg. Wkly. Wage \times share_own_discrete = 1=high	0.1663** (0.0650)
(log) Annual Avg. Wkly. Wage \times share_own_discrete = 2=medium	0.1866*** (0.0602)
(log) Annual Avg. Wkly. Wage \times share_own_discrete = 3=low	0.1425** (0.0652)
(log,l2) Real GDP Priv. Industry pc	0.0609** (0.0262)
(log) Prop Taxpp	0.1960*** (0.0160)
(log) House Price Index	0.1645*** (0.0200)
<i>Fixed-effects</i>	
unit	Yes
year	Yes
<i>Fit statistics</i>	
Observations	11,521
R ²	0.84830
Within R ²	0.19044

Clustered (unit) standard-errors in parentheses

Signif. Codes: ***: 0.01, **: 0.05, *: 0.1

5 Results

6 Discussion

7 Conclusion

The determinants of inequality in public education delivery in the US are multiple and complex. Significant evidence exists of the role of historically discriminatory policies related to congressional districting, under-investment in low-income areas of color. Though this work does not directly inform this debate, further work could explore the extent to which wage growth interacts with such structural policies.

8 Appendix

.1 Descriptive Regression Results

In the following set of results, I report descriptive regressions to establish relationships between property taxes, education expenditure, GDP (total, private industry, O&G&mining), etc. All regression models that follow include TWFE (CZ- and year- fixed effects) and standard errors clustered by commuting zone. All

functional forms in the feols() functions below are of the form $Y \sim X$. In the cases in which multiple estimations are included via $\text{sw}(X_a, X_b, X_c + X_d)$, the function will return results for $Y \sim X_a$, $Y \sim X_b$, $Y \sim X_c + X_d$.

.1.1 Property Tax ~ GDP

GDP has a highly relevant relationship to property taxes. A 1% increase in GDP (per capita) leads to a 0.38% (0.32%) increase in property taxes collected (per capita).

Dependent Variables: Model:	log_real_Property_Tax (1)	(2)	(log) Prop Taxpp (3)	(4)
<i>Variables</i>				
(log) Real GDP	0.3854*** (0.0480)	0.1226*** (0.0325)		
l(log_real_gdp_total,1)		0.1193*** (0.0274)		
l(log_real_gdp_total,2)		0.0697** (0.0285)		
l(log_real_gdp_total,3)		0.0790*** (0.0183)		
l(log_real_gdp_total,4)		0.1198*** (0.0384)		
(log) Real GDP pc			0.3151*** (0.0616)	0.1212*** (0.0366)
l(log_real_gdp_total_pc,1)				0.0929*** (0.0271)
l(log_real_gdp_total_pc,2)				0.0677** (0.0328)
l(log_real_gdp_total_pc,3)				0.0731*** (0.0229)
l(log_real_gdp_total_pc,4)				0.0624* (0.0351)
<i>Fixed-effects</i>				
unit	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes
<i>Fit statistics</i>				
Observations	13,356	10,812	13,356	10,812
R ²	0.99175	0.99329	0.93467	0.94256
Within R ²	0.10787	0.15702	0.06308	0.08956

Clustered (unit) standard-errors in parentheses

*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

.1.2 Education Expenditure ~ Revenue Sources

The below regressions are included to establish the relationship between education expenditure and its component parts. These regressions simply corroborate what is displayed in the section on Key Relationships in [LINK](#) (ie. that the largest form of IG revenue is state funding and Own Source revenue is largely sourced from Property Taxes).

Dependent Variables:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Model:</i>								
(log) Rev. Own Sources pp	0.3604*** (0.0190)							
(log) IG Revenue pp		0.4469*** (0.0244)		0.4532*** (0.0265)				
(log) Prop Taxpp			0.2266*** (0.0180)	0.2871*** (0.0185)	0.2897*** (0.0181)			
(log) Fed IG Rev. pp					0.0019 (0.0019)			
(log) State IG Rev pp						0.4307** (0.0283)		
log_real_Property_Tax							0.2565*** (0.0195)	0.3014*** (0.0194)
log_real_Total_IG_Revenue								0.3070*** (0.0192)
log_real_Total_Fed_IG_Revenue								0.4853*** (0.0234)
log_real_Total_State_IG_Revenue								0.0005 (0.0007)
log_real_Total_Rev_Own_Sources								0.4823*** (0.0269)
								0.3760*** (0.0191)
<i>Fixed-effects</i>								
unit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Fit statistics</i>								
Observations	13,356	13,356	13,356	13,356	13,356	13,356	13,356	13,356
R ²	0.89075	0.82859	0.88016	0.87791	0.99566	0.99738	0.99732	0.99763
Within R ²	0.45044	0.13778	0.39717	0.38586	0.14427	0.48315	0.47095	0.53223

Clustered (unit) standard-errors in parentheses
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

.1.3 Education Expenditure ~ GDP

A 1% increase in GDP pc is associated with a 0.19% increase in education expenditure per pupil, dominated by the effect of GDP from private industry (0.16%). I include here also the GDP generated from the oil, gas, mining, and quarrying sector. The effect is small and statistically insignificant.

Dependent Variable:	(log) Elem.Ed.Exp.pp		
Model:	(1)	(2)	(3)
<i>Variables</i>			
(log) Real GDP pc	0.1926*** (0.0210)		
(log) Real GDP Priv. Industry pc		0.1674*** (0.0182)	
log_real_gdp_o_g_mining_quarr_21_pc			0.0155*** (0.0032)
<i>Fixed-effects</i>			
unit	Yes	Yes	Yes
year	Yes	Yes	Yes
<i>Fit statistics</i>			
Observations	13,356	13,356	13,356
R ²	0.81378	0.81283	0.80330
Within R ²	0.06328	0.05847	0.01055

Clustered (unit) standard-errors in parentheses

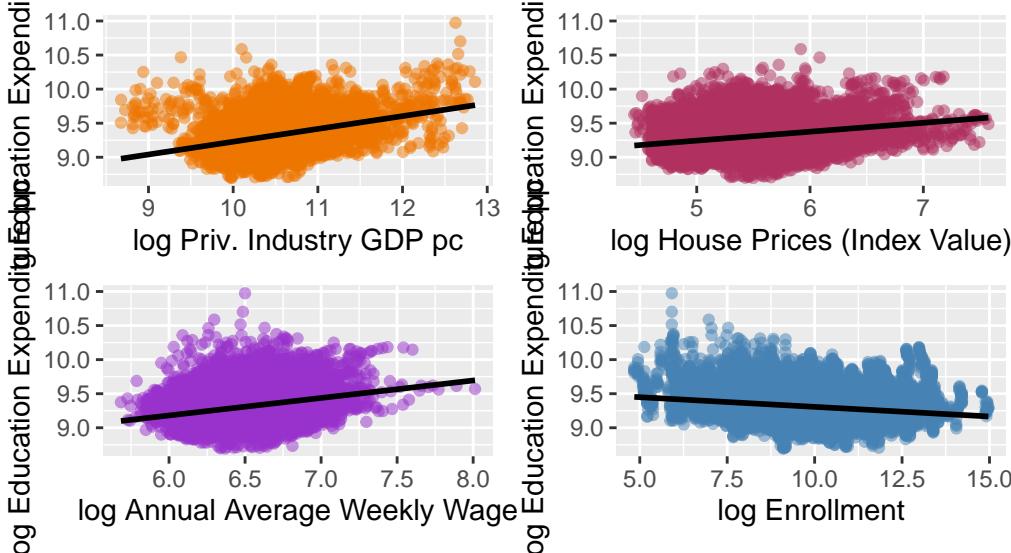
*Signif. Codes: ***: 0.01, **: 0.05, *: 0.1*

.2 Key Relationships between Economic Variables

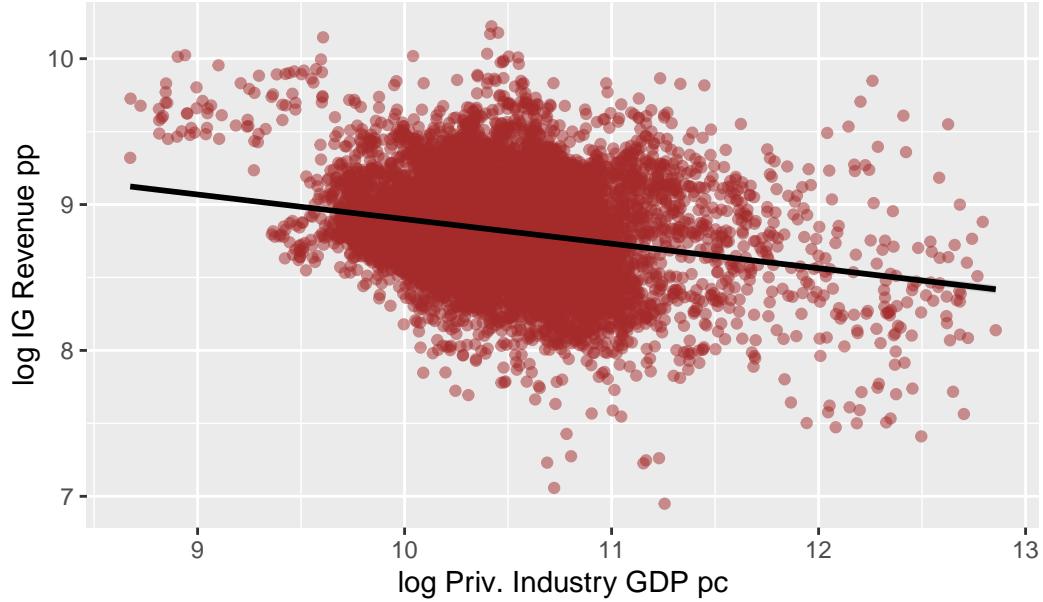
Below we display key relationships between several of the economic variables in our study.

Key Relationships Between Economic Variables

at the
commuting Zone Level. 2001–2020.



IG Transfers (pp) vs. GDP pc



.3 Panel VAR Specification

$$Y_{it} = \alpha_i + \sum_{k=1}^4 \gamma_k A_{i,t-k} + \beta X_{it} + \varepsilon_{it}$$

Where we approach a level and per capita value expression of the relationship between total education expenditure, intergovernmental revenue, house prices conditioned on GDP and wage levels.

$$Y_{it} = \begin{bmatrix} \log(\text{real Total Educ. Exp.})_{it} \\ \log(\text{real Total IG Revenue})_{it} \\ \log(\text{HPI})_{it} \end{bmatrix}, \quad X_{it} = \begin{bmatrix} \log(\text{real GDP})_{it} \\ \log(\text{wage})_{it} \end{bmatrix}$$

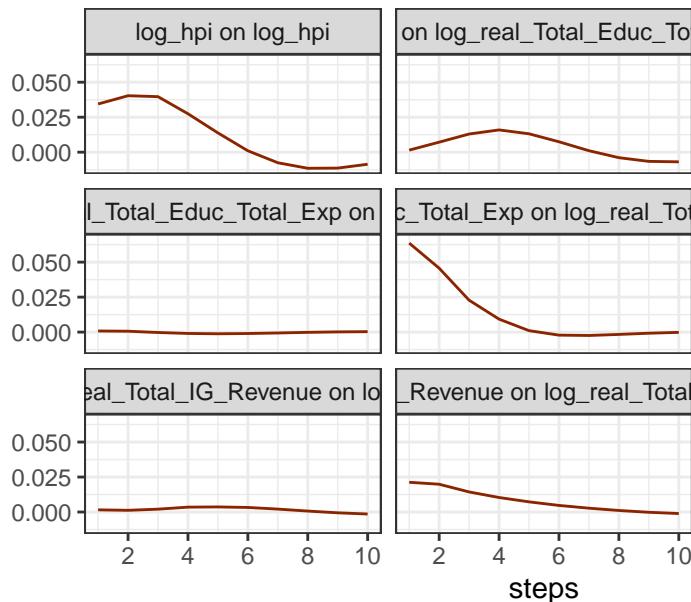
- A_1, A_2, A_3, A_4 are 3×3 coefficient matrices
- β is a 3×2 matrix of coefficients on the exogenous variables
- α_i is a vector of unit fixed effects
- ε_{it} is the error term

Where

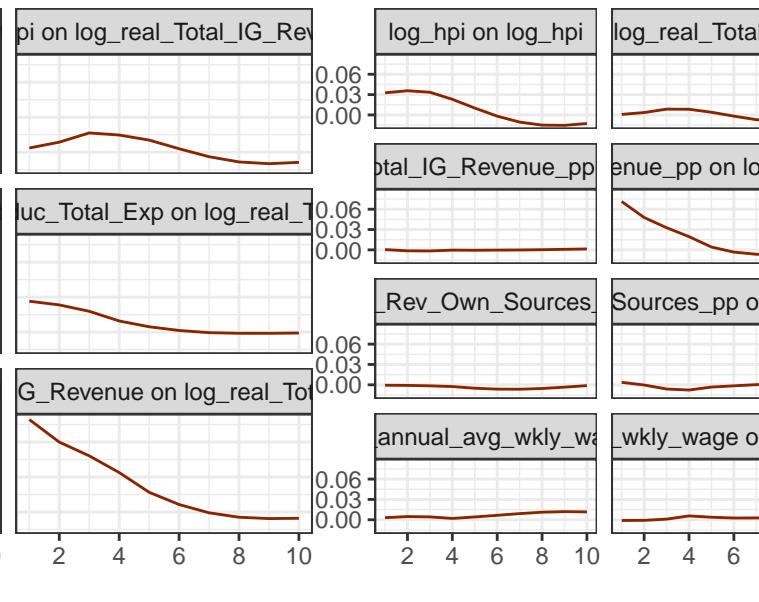
$$Y_{it} = \begin{bmatrix} \log(\text{real Own Source Rev. per person})_{it} \\ \log(\text{real IG Revenue per person})_{it} \\ \log(\text{wage})_{it} \\ \log(\text{HPI})_{it} \end{bmatrix}, \quad X_{it} = [\log(\text{real GDP per capita})_{it}]$$

- A_1, A_2, A_3, A_4 are 4×4 coefficient matrices
- B is a 4×1 coefficient matrix
- α_i unit fixed effects
- ε_{it} error term

Generalized impulse response function



Generalized impulse response



Ahlerup, Pelle, Thushyanthan Baskaran, and Arne Bigsten. 2020. "Gold Mining and Education: A Long-Run Resource Curse in Africa?" *The Journal of Development Studies* 56 (9): 1745–62. <https://doi.org/10.1080/00220388.2019.1696959>.

Alfonso, Vincent C., and George J. DuPaul. 2020. "Introduction: The Importance of Early Childhood Development, Education, and Intervention." In, 3–10. Washington, DC, US: American Psychological Association. <https://doi.org/10.1037/0000197-001>.

Autor, David H., David Dorn, and Gordon H. Hanson. 2013. "The China Syndrome: Local Labor Market Effects of Import Competition in the United States." *American Economic Review* 103 (6): 2121–68. <https://doi.org/10.1257/AER.103.6.2121>.

Avanceña, Anton L. V., Ellen Kim DeLuca, Bradley Iott, Amanda Mauri, Nicholas Miller, Daniel Eisenberg, and David W. Hutton. 2021. "Income and Income Inequality Are a Matter of Life and Death. What Can Policymakers Do about It?" *American Journal of Public Health* 111 (8): 1404–8. <https://doi.org/10.2105/AJPH.2021.306301>.

Baccini, Leonardo, and Stephen Weymouth. 2021. "Gone For Good: Deindustrialization, White Voter Backlash, and US Presidential Voting." *American Political Science Review* 115 (2): 550–67. https://ideas.repec.org/a/cup/apsrev/v115y2021i2p550-567_14.html.

Badeeb, Ramez Abubakr, Hooi Hooi Lean, and Jeremy Clark. 2017. "The Evolution of the Natural Resource Curse Thesis: A Critical Literature Survey." *Resources Policy* 51 (March): 123–34. <https://doi.org/10.1016/j.resourpol.2016.10.015>.

Bartik, Timothy J. 1991. *Who Benefits from State and Local Economic Development Policies?* W.E. Upjohn Institute. <https://www.jstor.org/stable/j.ctvh4zh1q>.

Blanco, Luisa, and Robin Grier. 2012. "Natural Resource Dependence and the Accumulation of Physical and Human Capital in Latin America." *Resources Policy* 37 (3): 281–95. <https://doi.org/10.1016/j.resourpol.2012.01.005>.

Borge, Lars-Erik, Pernille Parmer, and Ragnar Torvik. 2015. "Local Natural Resource Curse?" *Journal of Public Economics* 131 (November): 101–14. <https://doi.org/10.1016/j.jpubecon.2015.09.002>.

Brunnschweiler, Christa N., and Erwin H. Bulte. 2008. "The Resource Curse Revisited and Revised: A Tale of Paradoxes and Red Herrings." *Journal of Environmental Economics and Management* 55 (3): 248–64. <https://doi.org/10.1016/j.jeem.2007.08.004>.

Chetty, Raj, Michael Stepner, Sarah Abraham, Shelby Lin, Benjamin Scuderi, Nicholas Turner, Augustin Bergeron, and David Cutler. 2016. "The Association Between Income and Life Expectancy in the United States, 2001–2014: Association Between Income and Life Expectancy in the United States." *JAMA* 315 (16): 1750. <https://doi.org/10.1001/JAMA.2016.4226>.

- Cockx, Lara, and Nathalie Francken. 2014. "Extending the Concept of the Resource Curse: Natural Resources and Public Spending on Health." *Ecological Economics* 108 (December): 136–49. <https://doi.org/10.1016/j.ecolecon.2014.10.013>.
- . 2016. "Natural Resources: A Curse on Education Spending?" *Energy Policy* 92 (May): 394–408. <https://doi.org/10.1016/J.ENPOL.2016.02.027>.
- Deacon, Robert T. 2011. "The Political Economy of the Natural Resource Curse: A Survey of Theory and Evidence." *Foundations and Trends(R) in Microeconomics* 7 (2): 111–208. <https://ideas.repec.org//a/now/fntmic/0700000042.html>.
- Dialga, Issaka, and Youmanli Ouoba. 2022. "How Do Extractive Resources Affect Human Development? Evidence from a Panel Data Analysis." *Resources, Environment and Sustainability* 7 (March): 100046. <https://doi.org/10.1016/j.resenv.2022.100046>.
- Douglas, Stratford, and Anne Walker. 2017. "COAL MINING AND THE RESOURCE CURSE IN THE EASTERN UNITED STATES." *Journal of Regional Science* 57 (4): 568–90. <https://doi.org/10.1111/jors.12310>.
- Feler, Leo, and Mine Z. Senses. 2017. "Trade Shocks and the Provision of Local Public Goods." *American Economic Journal: Economic Policy* 9 (4): 101–43. <https://doi.org/10.1257/pol.20150578>.
- Ferri, Benjamin. 2022. "Novel Shift-Share Instruments and Their Applications." *Boston College Working Papers in Economics*, Boston College Working Papers in Economics, September. <https://ideas.repec.org//p/boc/bocoec/1053.html>.
- Flavin, Patrick, Benjamin Radcliff, P Flavin, Á B Radcliff, and B Radcliff. 2009. "Public Policies and Suicide Rates in the American States." *Social Indicator Research* 90: 195–209. <https://doi.org/10.1007/s11205-008-9252-5>.
- Goldsmith-Pinkham, Paul, Isaac Sorkin, and Henry Swift. 2020. "Bartik Instruments: What, When, Why, and How." *American Economic Review* 110 (8): 2586–2624. <https://doi.org/10.1257/aer.20181047>.
- Haber, Stephen. n.d. "The Rise and Fall of the Resource Curse." <https://doi.org/10.2139/ssrn.4558080>.
- Logan, John R., Elisabeta Minca, and Sinem Adar. 2012. "The Geography of Inequality: Why Separate Means Unequal in American Public Schools." *Sociology of Education* 85 (3): 287–301. <https://doi.org/10.1177/0038040711431588>.
- Menaldo, Victor. 2016. *The Institutions Curse: Natural Resources, Politics, and Development*. Business and Public Policy. Cambridge: Cambridge University Press. <https://doi.org/10.1017/CBO9781316481530>.
- National Center for Education Statistics. 2023. "Public School Expenditures." <https://nces.ed.gov/programs/coe/indicator/cmb>.
- Pierson, Kawika, Michael Hand, and Fred Thompson. n.d. "The Government Finance Database: A Common Resource for Quantitative Research in Public Financial Analysis | PLOS ONE." *PLoS ONE*. <https://doi.org/10.1371/journal.pone.0130119>.
- Raimi, Daniel, Emily Grubert, Jake Higdon, Gilbert Metcalf, Sophie Pesek, and Devyani Singh. 2022. "The Fiscal Implications of the US Transition Away from Fossil Fuels." <https://www.rff.org/publications/working-papers/the-fiscal-implications-of-the-us-transition-away-from-fossil-fuels/>.
- Ross, Michael L. 2015. "What Have We Learned about the Resource Curse?" *Annual Review of Political Science* 18 (1): 239–59. <https://doi.org/10.1146/annurev-polisci-052213-040359>.
- . 2018. "The Politics of the Resource Curse: A Review." In, edited by Carol Lancaster and Nicolas van de Walle. Oxford University Press. <https://doi.org/10.1093/oxfordhb/9780199845156.013.42>.
- Semuels, Alana. 2016. "Why America's Public Schools Are so Unequal." <https://www.theatlantic.com/business/archive/2016/08/property-taxes-and-unequal-schools/497333/>.
- Sincovich, Alanna, Tess Gregory, Ashleigh Wilson, and Sally Brinkman. 2018. "The Social Impacts of Mining on Local Communities in Australia." *Rural Society* 27 (1): 18–34. <https://doi.org/10.1080/10371656.2018.1443725>.
- Wiens, David, Paul Poast, and William Roberts Clark. 2014. "The Political Resource Curse: An Empirical Re-Evaluation." *Political Research Quarterly* 67 (4): 783–94. <https://doi.org/10.1177/1065912914543836>.