

Local Responses to Federal Grants: Evidence from the Introduction of Title 1 in the South Cascio, Gordon, & Reber (2013)

Kaden Grace

February 13, 2024



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

Why Do We Care?

- Policy: What is the effect of grants on school spending and student outcomes?
- Economics: How do a government's regional characteristics affect how it allocates resources?



Data

- School district-level finances and demographics from nine state governments
 - Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia
- 1960 & 1970 Census

Methodology and Research Design

- Fiscal response: Identify the “spending gradient” and evaluate its progressivity
- Heterogeneous response: target the 25% of districts with the least ability to decrease local taxes
- Threat to identification: Desegregation
 - Solution: control for black enrollment share
- Educational attainment: 18-19 year old high school dropouts

Contribution

- As a result of Title I funding, the average school district engaged in “economically meaningful offset.”
- Heterogeneous response: districts with less ability to reduce local taxes will experience less crowd-out
- Educational attainment: Whites had less drop-out, blacks did not

What I Liked

- Targets the specific mechanisms in a school district that lead to crowd-out

Concerns

- Measure of high school dropout is strange
 - “The share of [18-19 year old] individuals who are neither enrolled in school nor have 12 years of completed schooling.” (pg. 147)
 - Footnote 33: many people never started high school

Extension

- Title I outside the South: could allow for a comparison of wealthy school districts
- Maybe even New Hampshire?