

Rights Not Granted. Wrongs Not Righted.

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## Abstract

This paper<sup>1</sup> estimates the educational return to spending in Texan primary and high schools over the '02/'03-'10/'11 period. It also explores two further methods. I consider the percentage of students passing standardised maths and English tests in grades 5 and 10 as my dependent variables in all models, and each of my panels is balanced. First educational production functions are estimated using a regression with both campus and time fixed effects. Class size estimates are small but highly statistically significant ( $p < 0.01$  to  $p < 0.001$ ) in all four settings, with estimates of a decrease between 0.544-1.35 in average pass rates per ten extra students. Per pupil expenditure estimates are all significant at the 5% level ranging a 0.39-1.1 pass rate increase per \$1000 per student. Additionally I fail to reject that teacher salaries and teacher experience are statistically insignificant for maths at grades 5 and 10 and English at grade 10 at the 5% level. These results are consistent with the literature, in particular Hanushek ('97), a meta-study of the relationship between school resources and student achievement in 400 studies, which found resource effects were minimal. Two alternate identification strategies are also discussed to estimate the causal impact of class size on performance. Arbitrary restrictions on tax rates due to the unconstitutionality of state-wide taxes induced some cash-starved districts to max out their tax rates, presenting windows in which their revenue was completely dependent on property values and state aid. Thus, changes in revenue may have been exogenous to changes in school performance. This approach estimated a 2.02-2.84 decrease in 5th grade pass rates associated with a \$1000 increase in per student spending, significant at the 0.1% level. Further to this, random fluctuations in the oil price provided positive and negative revenue shocks which may constitute a viable instrument for district revenue are also discussed to estimate class size parameters. This approach estimated an insignificant effect on 10th grade math scores, but a 1.90 decrease in the 10th grade English pass rate associated with a \$1000 increase in per student spending, significant at the 0.1% level.

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<sup>1</sup>The 'Rights Not Granted' are the rights to education. The United States' constitution does not directly protect the right to education, nor does it imply any such right. This was the decision reached in *San Antonio Independent School District v. Rodriguez* (1973), a case which centred on the inequalities which natural result from a school financing system based on local property taxation. In particular it centred around the vastly different tax bases in two neighbouring Texan public school districts and the effect this had on the resources available to students in each district. The decision has stood ever since.