Faculti Summary
https://staging.faculti.net/school-finance-equalization-increases-intergenerational-mobility/

The study discussed in the text investigates the disparities in intergenerational mobility across different regions in the United States, particularly focusing on the influence of school funding on these differences. Findings from research by Raj Chetty and colleagues in 2014 revealed that the likelihood of a child from a low-income family moving to the top income bracket varies significantly from as low as 4% in some southern areas to 11% in places like Salt Lake City.

The research aims to explore whether reforms in school funding—historically reliant on local property taxes—can help explain these differences in mobility. Local property taxes result in better funding for wealthier districts, perpetuating income inequality in education. In response to lawsuits claiming such funding methods violate the 14th Amendment, various states have implemented reforms to redistribute funding more equitably, thereby aiming to provide similar educational opportunities regardless of district wealth.

The study's model examines how public school funding impacts child outcomes in the labor market, linking parental income to children's future earnings. The author analyzed data across approximately 720 commuting zones, focusing on funding equality measures calculated through the correlation of school spending and community income.

Results indicate that reforms aimed at equalizing school funding positively impact intergenerational mobility, particularly for children from low-income backgrounds. Key mechanisms contributing to this include improved teacher-to-student ratios and potentially better college attendance rates for disadvantaged children. Importantly, equalized funding does not adversely affect children from wealthier families, as they can supplement educational resources through private means.

Overall, the study underscores the significance of equitable public education investment in enhancing opportunities for disadvantaged children, altering the trajectory of intergenerational mobility.