

Winning the Education Gamble

The Effect of the Economy and Politics on Preferences

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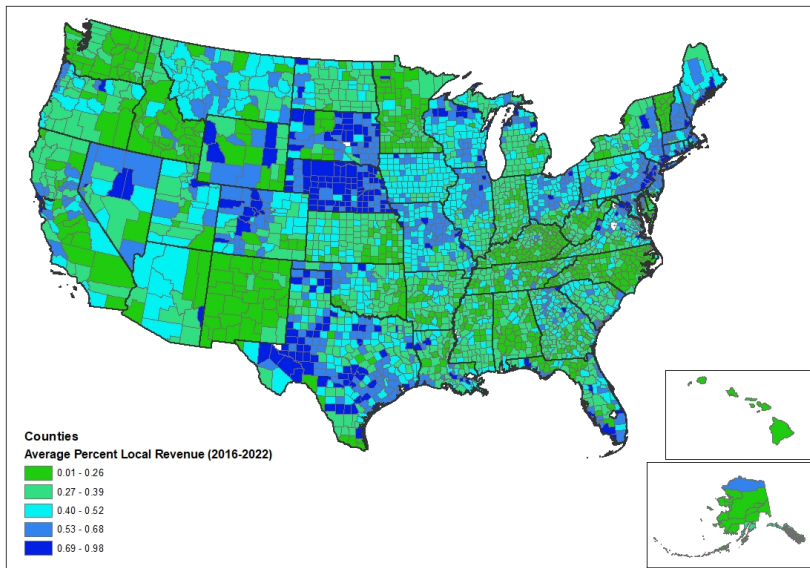
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Battle over Education

- ▶ Education has re-emerged as a hotbed political topic
- ▶ Critical race theory, rise of homeschooling, and parental choice and control
- ▶ Funding is a big part of the political battleground
 - ▶ *Espinoza v. Montana Department of Revenue*: public funds for students cannot discriminate against private religious schools
 - ▶ School choice and education savings account (follow the student, don't fund schools)

American Context

- ▶ Patchwork of local control: "ten thousand democracies"
- ▶ Significant variation across districts: spending, financing, outcomes
- ▶ High variation across geography adds another dimension to the redistributive conflicts for public financing
- ▶ Beggars the question: what determines support for spending on (public) education?
 - ▶ Economy-education nexus: vicious cycle?



Education as Redistribution

- ▶ Literature has *mainly* focused on income groups
- ▶ Many studies have argued (but not necessarily found):
 - ▶ As income rises for individuals, preferences for investment decline
 - ▶ Poor *should* be the champions and rich *should* be main opponents
- ▶ Studies show *very* mixed results

Disentangling Income Effects: Part I

- ▶ Earnings are associated with education levels
- ▶ The effect of income is conditional on educational (and vice versa)
- ▶ Did education *pay off* in terms of income for the individual?

For whom did education *pay* and how does this shape support?

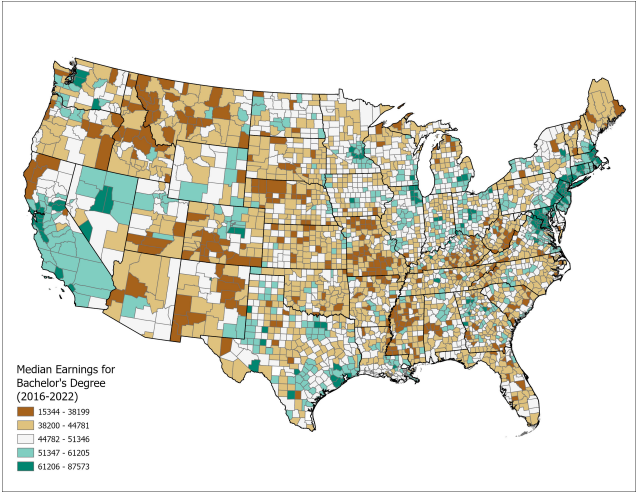
	Low Income	Middle Income	High Income
Low-Middle Educated	Support	Oppose	Oppose
High Educated	Oppose	Oppose	Support

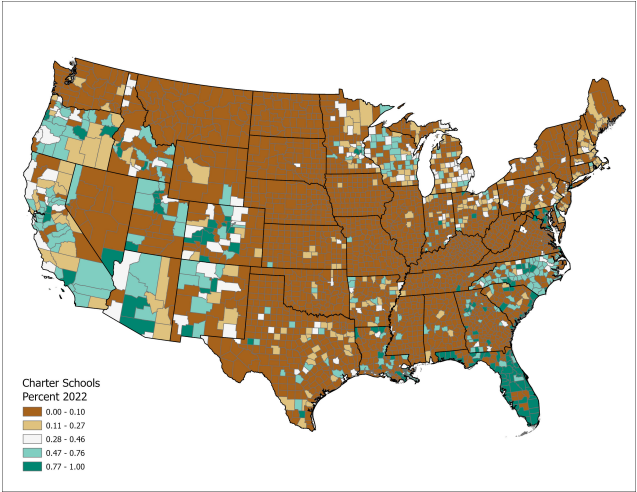
Variation across Economies as Signals: Part II

- ▶ Higher local earnings should signal to individuals: education is worth the investment
 - ▶ Low-Mid Educated: Higher earnings by education will **increase** support
 - ▶ High Educated: Higher earnings by education will **decrease** support (because it reduces their competitive premium)
- ▶ Exit options also vary across geography: emergence of quasi-public schools
 - ▶ Mainly benefit the highly educated
 - ▶ Low-Mid Educated: should be less supportive of a system that diverts funding away from fully public system

Data & Methods

- ▶ Four waves of the Cooperative Election Study (CES) cross-sectional survey data from the years 2016-2022
- ▶ Matched with FIPS: earnings (Census), education (Dept. of Ed), urban-rural (Dept. of Ag)
- ▶ DV: “State legislatures must make choices when making spending decisions on important state programs. How would you like your legislature to spend money on education?” Responses range from greatly decrease (1) to greatly increase (5)
- ▶ Linear regression models with year and state fixed effects





Part I: Does Income work as predicted?

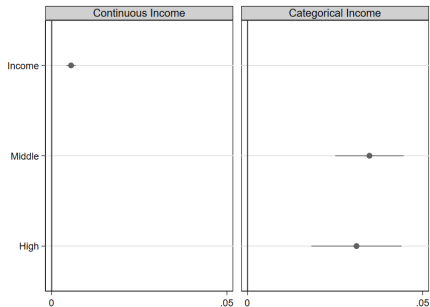


Figure: Increasing income is associated with greater support

Part I: Income by Education

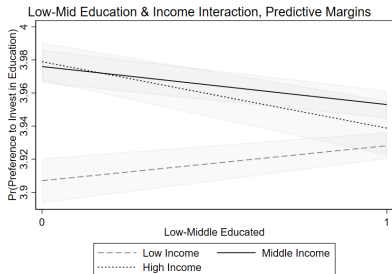


Figure: Low-Mid Education

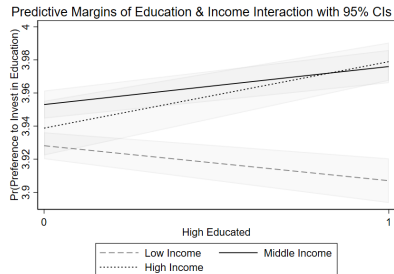


Figure: High Educated

Part II: Local Earnings Effects (Bachelor Degree)

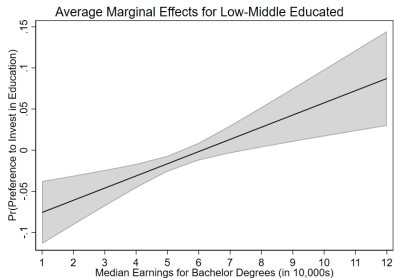


Figure: Low-Mid Education

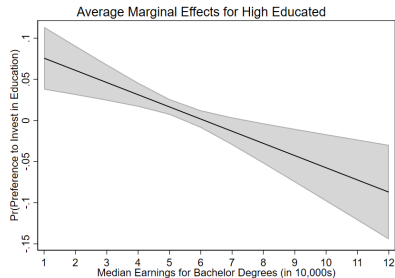


Figure: High Educated

Part II: Local Exit Options

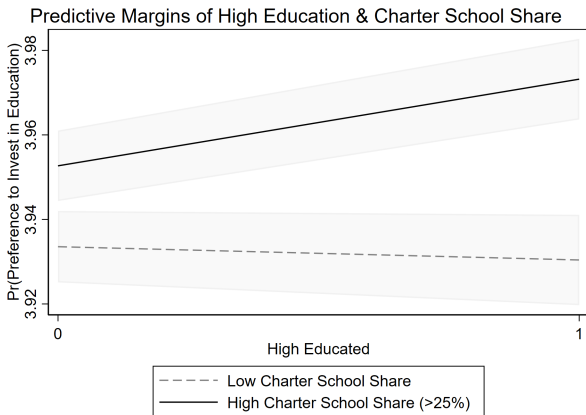


Figure: Exit Options Increase Support for Spending by High Educated

Conclusions

- ▶ Income matters but depends on education– did it pay off for you?
- ▶ Education-economy nexus varies across groups
- ▶ What are the local signals? How do political decisions about institutional set-up shape support?
 - ▶ Compared to European countries, education policy is *very* political
 - ▶ Issues of spending and taxes are polarizing
 - ▶ Ideal case to examine local political economy

Thank you for your comments!
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