

Dis-location – school choice, residential segregation and educational inequality

Executive summary

- One of the most important arguments against school choice is the assertion that it increases school segregation, and reduces equity. Is this assertion correct?
- In theory, school choice could increase or decrease school segregation – and the findings in empirical research are far from consistent. Some studies find that segregation increases with school choice, while others find no effects.
- The big problem with these studies, however, is that they do not take into account the fact that parents move closer to more sought-after schools when proximity is an important factor in admissions outcomes. Indeed, research indicates that when school choice is decoupled from pupil residence, residential segregation decreases. Also, some evidence indicates that parental preference of privately funded schools decreases when there are more opportunities for publicly funded school choice. In the absence of choice in the publicly funded education system, therefore, it is likely that housing patterns and preference of privately funded education would differ – and this must be taken into account when analysing the impact of choice on school segregation.
- Counter-factual housing patterns and preference of privately funded schooling are very difficult to take into account, especially since the former's impact on school segregation often becomes apparent only in longer-term perspective.
- The research from England indicates that total school segregation might actually have decreased following the 1988 Education Reform Act and subsequent reforms designed to instil greater choice in the system.
- Furthermore, the only available cross-national study that avoids the problem of altered residential sorting finds that larger enrolment shares of pupils in publicly funded private schools (often used as an indicator of the degree of competition in the system) do not increase school segregation.
- It should be noted, however, that a larger share of private funding appears related to higher school segregation, indicating the importance of policy that allows all parents to choose schools on an equal basis.
- Overall, therefore, it is far from clear that institutionalised school choice has a net impact on school segregation, after altered residential segregation and parental preference of privately funded schools are taken into account.

- In terms of equity, the results are clearer: there is very little support for the idea that school choice gives rise to less equitable outcomes in the education system. In fact, cross-national research indicates that larger enrolment shares in publicly funded private schools increase equity by decreasing the role of family background on international test scores.
- There is international research to the effect that choice decreases the role of family background on achievement. There is also research suggesting that school choice has no impact on achievement differences between pupils. Meanwhile, other research suggests that pupils from different backgrounds benefit from choice to roughly the same extent overall.
- However, a higher share of private funding in the education system appears to be related to lower equity. This further supports the argument that school choice should be institutionalised so that parents from all backgrounds are given more equal opportunities to choose schools.
- Government policy could increase school integration and equity by introducing lotteries for all over-subscribed schools, and by ensuring better transportation to schools in the form of school buses.
- Policy could also increase equity by expanding choice to more pupils and enabling more pupils to attend better schools. This could be achieved by introducing a profit motive in education, and perhaps also by introducing bonuses to school leaders to stimulate expansion when successful schools become over-subscribed.
- By introducing more individualised and differentiated school funding, funding levels would be more responsive to changed pupil composition, while at the same time providing stronger incentives for schools to compete among themselves for pupils of every profile.
- To promote equity further, it would be preferable to introduce a national funding formula for all schools to ensure that people are not at a disadvantage just because they happen to live in a specific region. The current government's plans to introduce such a formula should thus go ahead. If segregation is a very strong concern, it is also technically possible to weight funding in order to stimulate more diverse schools.
- Finally, improving information provision would also promote greater equity in the education system.
- In order to get the design of some of these reforms right, it would also be valuable to allow experiments in different regions first.