

## **School Funding Equalization and Household Location Choice: Do the Young and the Elderly Separate?**

Christian A. L. Hilber, *University of Pennsylvania and London School of Economics and Political Science*

Christopher J. Mayer, *Columbia Business School and University of Pennsylvania*

State educational spending policies strongly impact the funding of local schools. While some US states have removed school spending authority from local residents, others continue to encourage local control. In this paper we explore the effects of changes in state educational spending policies on Tiebout sorting by examining the location choice of young and elderly households, both within and across states. We argue that states with local control and limited redistribution are attractive for middle and high income households but not for low income households. However, in states with significant redistribution mechanisms, non-poor households with children and elderly have fewer incentives to avoid low-income places, leading to less concentration of poor households and a smaller degree of separation of the young and elderly. We present empirical evidence that is consistent with these predictions and show that private school enrollment is less common in places with redistribution mechanisms. We conclude that school services do matter for residential location choices and thus Tiebout sorting may present a partial solution to the potential risk that a growing number of elderly voters pose to continued political support for public schools.