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Education and the Geography of Economic Opportunity

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ABSTRACT

Recent research suggests that the community in which children are raised has a large impact on their adult income, particularly for children from low-income families (Chetty and Hendren 2017a, b). Using data from North Carolina, we show that the county in which a child is raised has a large enough effect on test scores that, if differences in test score effects were due to variation in teacher quality, growing up in a one standard deviation better than average county in terms of value-added to test scores would increase earnings in early adulthood by roughly 4-5%. However, by observing teachers who move between counties, we show that differences in test score effects of counties do not seem to be primarily driven by differences in teacher quality. Furthermore, county effects on test scores are either uncorrelated (for low-income kids) or negatively correlated (for high-income kids) with effects on income in adulthood, suggesting that the non-teacher amenities responsible for differences in test score production could be unproductive for human capital. Collectively, our results cast doubt on the usefulness of standardized test performance as a way of evaluating the quality of a region's schools.

KEYWORDS Human Capital; Intergenerational Mobility; Teacher Value Added

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