

New school-evaluation method fails to affect housing prices

September 15 2015



Credit: Michigan State University

The controversial new method of evaluating teachers and schools - called "value-added" - does not appear to affect property values, finds research by economists at Michigan State University and Cornell University.

Their study, published in the *Journal of Urban Economics*, is the first to

examine how the public release of such data is considered in housing prices. Value-added goes deeper than grading schools on student [test scores](#) by looking at how individual [teachers](#) and schools as a whole contribute to improvements in the test scores.

Previous research that looked at test scores as the sole measuring stick found a rise in housing prices of 2 percent to 5 percent. But the new study found the public release of value-added measures by the Los Angeles Times did not affect housing prices one way or another in Los Angeles.

"Our study shows that despite the controversy surrounding providing schools and teachers with value-added scores, these do not appear to readily show up in property value," said Scott Imberman, MSU associate professor of economics and education and co-author on the study.

The implication: Either people don't value the popular new measures or they don't fully understand them.

"In either case," Imberman said, "it suggests the public needs to be better informed about what information these measures provide as [school](#) districts use them more and more for teacher evaluation and school report cards."

In 2010, the Los Angeles Times acquired test scores of elementary students in the Los Angeles Unified School District. The newspaper then calculated value-added measures for teachers and schools. The public release of that information was highly controversial, as individual teachers were named and graded.

Despite the controversy and opposition from teacher unions, value-added measures have become increasingly popular as a way to hold schools and teachers more accountable. The Obama administration has pushed states

to adopt value-added provisions.

To gauge the affect on [property values](#), Imberman and Michael Lovenheim of Cornell used home sales data from the Los Angeles County Assessor's Office in an eight-month period following the Los Angeles Times' release of the value-added scores. The study included more than 63,000 home sales.

"That we find no effect of school or teacher value-added information on home prices suggests these school-quality measures as they are currently constructed are not highly valued by local residents," the study concludes.

The paper is titled, "Does the market value value-added? Evidence from housing prices after a public release of school and teacher value-added."

Provided by Michigan State University

Citation: New school-evaluation method fails to affect housing prices (2015, September 15) retrieved 8 July 2024 from <https://phys.org/news/2015-09-school-evaluation-method-affect-housing-prices.html>

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