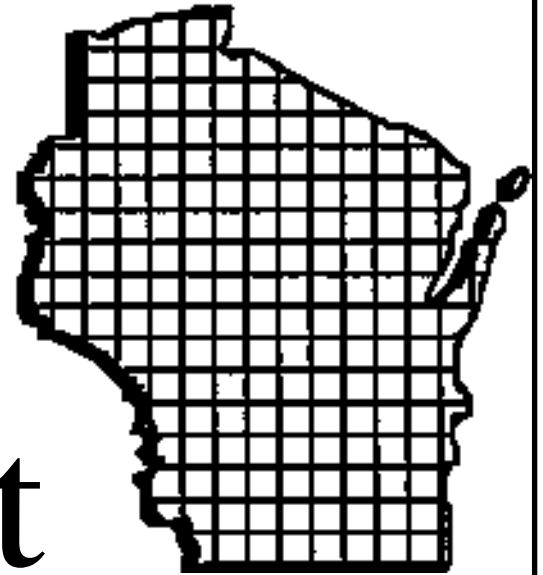


Wisconsin

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The Milwaukee Teacher Residency Requirement

*Why It's Bad for Schools,
and Why It Won't Go Away*

REPORT FROM THE PRESIDENT:

The residency requirement for Milwaukee Public School (MPS) teachers has been an ongoing issue for the last decade. We contracted with Professor Mark Schug of the UWM School of Education and Dr. Scott Niederjohn, a labor economist at Lakeland College, to examine this issue and its impact on the Milwaukee Public School system.

The results paint a troubling picture of education in MPS. To begin with, Milwaukee is one of only two systems (the other being Chicago) of the nation's fifty largest school systems to continue this antiquated requirement. The data clearly shows that the residency requirement has an impact on the quality and turnover of teachers in the MPS system. Considering the problems in MPS, any improvement in teacher quality would be an immediate benefit to a system that needs all the help it can get.

What is of special interest, however, is the analysis by the authors, using census and voting records, on the impact of the residency requirement on elections in Milwaukee. While the Milwaukee Teachers Education Association (MTEA) verbally supports ending the residency requirement, they have done very little to eliminate the requirement. One very real explanation is that the teachers' union continues to benefit from having their members live within certain neighborhoods in the City of Milwaukee. The politicians they endorse benefit from the votes of these teachers, who dominate specific wards inside the city.

When faced with a choice, the union and their political allies will always favor politics over the educational needs of MPS students. It is just another indication of why the Milwaukee Public Schools desperately needs reforms to change the nature and structure of how it educates (or as some would argue, does not educate) Milwaukee's children.



James H. Miller

WISCONSIN POLICY

RESEARCH INSTITUTE, INC.

P.O. Box 487 • Thiensville, WI 53092

(262) 242-6409 • Fax: (262) 242-6459

E-mail: wpri@wpri.org • Internet: www.wpri.org

THE MILWAUKEE TEACHER RESIDENCY REQUIREMENT

Why It's Bad for Schools, and Why It Won't Go Away

MARK C. SCHUG, PH.D.
M. SCOTT NIEDERJOHN, PH.D.

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EXECUTIVE SUMMARY

The problems facing the Milwaukee Public Schools (MPS) are well known. They include low levels of academic achievement, high truancy rates, and high drop-out rates. In an environment marked by these problems, it is easy to imagine why MPS, like other large urban school districts, finds it difficult to attract and retain good teachers. We also know that attracting and retaining high quality teachers is the key variable to improving urban schools. A growing body of research shows that teacher quality is perhaps the most important factor influencing student achievement. But in its efforts to attract and retain good teachers, MPS faces one unique obstacle: Unlike all other Wisconsin school districts, and most nationwide, MPS has a teacher residency requirement. A survey of the 50 largest school districts in the nation reveals that Milwaukee is one of two school districts with a teacher residency rule. Prospective teachers who might want to take a job with MPS must, therefore, consider whether they are willing to comply with a condition of employment that would require them to live within the boundaries of the city.

The teacher residency requirement deters many otherwise qualified teachers from pursuing employment in MPS, thus decreasing the supply of teachers from which MPS must do its hiring. Even apart from residency requirements, prospective teachers face various barriers to entry including state certification requirements that may have no bearing on their actual fitness for teaching. The residency requirement adds another layer of thickness to the barriers they face, increasing the deterrent effect. The applicant pool shrinks accordingly, and MPS must do the best it can with applicants from a narrowed range of promise for excellent classroom performance. The effect, over time, is a decline in teacher quality. Moreover, the starting teacher salary data suggest that the MPS does not pay a significant wage differential to compensate for the disincentive created by its residency requirement.

Evidence of such a decline in teacher quality can be found in various indicators:

- Fewer MPS teachers hold a full Wisconsin teaching license than teachers in all other Wisconsin school districts.
- MPS lags other Wisconsin school districts in terms of teacher experience. Only 60% of MPS teachers have more than five years of district experience, and only 62% have more than five total years of teaching experience. This profile stands in stark contrast to the percentages of teachers (73% and 81%, respectively) in all other Wisconsin school districts with such teaching experience.

Other evidence also points to the MPS teacher residency requirement as contributing to the difficulties MPS faces in trying to develop a corps of high quality teachers. Surveys conducted with teachers-in-training — elsewhere and in Milwaukee — show that most new teachers are unwilling to seek jobs in urban districts with residency requirements. In a survey conducted at the University of Wisconsin-Milwaukee, for example, about 62% of teachers-in-training reported that the residency requirement would make them less likely to seek a position in MPS. More than 82% reported that they would prefer to apply for teaching positions in school districts that do not have a residency requirement.

Evidence obtained from interviews also highlights the deterrent effect of residency requirements. We interviewed a dozen teachers and administrators who have left MPS because of the residency requirement. Their responses emphasized especially the effect of the residency requirement on younger, female teachers. One administrator summarized the effect in this way:

I had a number of teachers leave my [MPS] school due to the residency requirement. They loved MPS. They got married. They wanted to have children. They wanted to build a home. Land is restricted in Milwaukee. They preferred finding a better location.

Evidence showing that the residency requirement contributes to reduced quality among MPS teachers obviously suggests a serious problem. However, proponents of the residency requirement argue that concerns about the effect on teacher quality are offset by several benefits. The residency requirement, they contend,

- Helps teachers gain a better understanding of the problems that face urban parents and students.
- Increases the sense among teachers that they have a personal stake in MPS, since those teachers who are also parents will enroll their children in MPS schools and therefore have a direct, personal interest in the quality of those schools.
- Improves the economic well-being of the city by keeping over 6100 middle-class households in the city.

Upon analysis, all of these claims constituting a rationale for the residency requirement turn out to be weak. First, the residency requirement has not had the effect of integrating MPS teachers closely into neighborhoods representa-

tive of the MPS student population, where they might presumably learn from first-hand experience about their students' out-of-school lives and interact helpfully with them in the course of everyday events. Instead, MPS teachers live predominantly in a few distinctive residential pockets of the city and along some stretches of the city's periphery, away from inner-city areas where many MPS students are concentrated.

Second, with respect to a significant minority of MPS teachers, the residency requirement has apparently done nothing to increase a sense of stakeholding in MPS. That is because nearly 30% of MPS teachers who are parents choose to send their own children to private schools. MPS teachers outpace other Milwaukee parents in respect to private school enrollment by a margin of 6%; they also outpace teachers from most other large urban school districts in their preference for private schooling.

Third, there is little reason to suppose that lifting the residency requirement would have serious, long-term effects on property values in the City of Milwaukee. While short-term distortions in the tax base are possible, they will be offset before long by the positive effects of improving public education in the city through better hiring of teachers from an expanded applicant pool. Educational improvement would do more for the Milwaukee-area economy than efforts to retain a residency requirement based on false assumptions.

The MPS teacher residency requirement has failed to accomplish any of its goals:

- MPS teachers are less credentialed and have less experience than teachers in other districts in the state.
- The turnover rate among MPS teachers is high.
- Local teachers-in-training are reluctant to apply for jobs in MPS.
- Many teachers — teachers who loved teaching in MPS — have left the city due to the residency requirement and accepted teaching positions in Milwaukee-area suburbs.
- MPS teachers live predominantly in distinct pockets of the city and on the periphery; very few live in central-city neighborhoods.
- Nearly 30% of MPS teachers who are parents send their children to private schools.
- To improve property values and foster economic growth in the Milwaukee area, Milwaukee's goal should be to improve MPS, not to retain an ill-considered teacher residency requirement that contributes to the erosion of teacher quality.

Other states have abandoned their teacher residency requirements for large cities. For example, residency rules were abolished for the School District of Philadelphia in 2001. How has Philadelphia fared? While caution must be used in assigning cause and effect relationships between rescinding the Philadelphia residency requirement and changes that took place afterward, Philadelphia has some good news to report. The Philadelphia schools reported that the total number of certified teachers has increased steadily while the number of teacher vacancies has plummeted. The attrition rate of teachers has improved with far fewer resignations than in the past. Similarly, there is no documented evidence of economic harm to the tax base of the City of Philadelphia. In fact, the economy of the City of Philadelphia is enjoying something of a renaissance. Real estate net billings have steadily increased over the past few years.

These findings regarding the failure of the residency requirement, while not often discussed openly, are not surprising. They merely confirm and elaborate what many MPS insiders have known all along — that the MPS teacher residency requirement contributes to reducing the quality of education in MPS and fails to deliver the benefits touted by its proponents. Since these matters come as little surprise, they invite an obvious question: Why does the residency requirement remain in place?

Our answer, reflecting an analysis based on public choice theory, is that the residency requirement continues to hold sway because the Milwaukee Teachers Education Association (MTEA) and some people seeking elective office in Milwaukee continue to benefit from it. The benefits derive from the fact that the residency requirements locks thousands of pro-MTEA voters (i.e., teachers) into the city, thus concentrating their electoral clout and enhancing the prospects of pro-MTEA candidates running, for example, for seats on the MPS Board of Directors. The residency requirement does not *guarantee* that union-endorsed candidates will win School Board elections or elections to other municipal offices, but it does make the job of gaining votes and other support easier for union-supported candidates.

Our evidence for this explanation derives from census tract data by Milwaukee city ward for every general School Board election held in Milwaukee between 1994 and 2004. These data reveal that union-supported candidates fare significantly better in teacher-dominated wards than they do in other wards.

Because the residency requirement keeps a large set of pro-union voters contained within the city, those who court pro-union voters have no incentive to rescind the requirement, regardless of its merits on other grounds. And, since the costs of retaining the requirement — as measured by decrements in teacher quality — are distributed among many thousands of children and parents, the requirement is not *obviously* problematic and thus not likely to be undone by opposition from the general public.

We therefore conclude that state-level action is warranted. The MPS teacher residency requirement should be rescinded by the state legislature. Rescinding it would not fix all the problems that need fixing in MPS. No single policy change would. But doing away with the requirement would help by enlarging the talent pool from which MPS does its hiring. Benefits would begin to accrue immediately, and they would accumulate; the effect over time would be substantial improvement in the quality of education provided by MPS. The state has a legitimate interest in doing what it can to secure such improvement.

INTRODUCTION

This study focuses on the Milwaukee teacher residency requirement. The requirement holds that, as a condition of employment, all newly hired Milwaukee Public School District (MPS) teachers must live within the borders of the city. Adopted in 1977 by joint agreement of the MPS Board of School Directors and the Milwaukee Teachers Education Association (MTEA), the requirement gets little attention in discussions of education policy. This is regrettable, since evidence from several sources suggests that the requirement has an adverse effect on teacher quality within MPS and, hence, on the quality of education MPS provides. In addition, the residency requirement has failed to accomplish the goals its proponents identified in their drive to require teachers to live in the City. Because the requirement has adverse effects on the quality of education within MPS, and because it has failed to provide offsetting benefits, we recommend that the requirement be rescinded.

Rescinding the teacher residency requirement would not provide a “silver bullet” solution for all the problems facing MPS. (We wish it would.) But getting rid of the requirement — letting teachers live where they want to live, so long as they do their jobs well — would generate long-term benefits for the district and the students and parents it serves. Rescinding the residency requirement also would save money and, over the long-term, make a positive contribution to the city’s tax base. The benefits would come into play almost immediately and have positive effects well into the future.

WHY IT MATTERS: HUMAN CAPITAL AND TEACHER QUALITY

The public’s interest in improving education has everything to do with the development of human capital. This may seem to be an odd way of putting the point, since the term *capital* typically refers to money that can be used to start up a new business, invest in stocks, or purchase new plants or computers. But economists speak also of *human capital*, using the term to denote people’s knowledge, skills, health, and values. Formal education is an important source of the knowledge, skills, health, and values that constitute human capital. Gary S. Becker, a Nobel Prize winning economist, explains:

Many studies have shown that high school and college education in the United States greatly raise a person’s income, even after netting out direct and indirect costs of schooling, and even after adjusting for the fact that people with more education tend to have higher IQs and better-educated and richer parents. Similar evidence is now available for many years from over a hundred countries with different cultures and economic systems. The earnings of more educated people are almost always well above average, although the gains are generally larger in less developed countries.

As individuals benefit from enhanced human capital, communities benefit as well. That is why the public invests in human capital, allocating resources for the improvement of formal education, training, and medical care.

In Milwaukee, the reservoir of human capital sustains civic and economic life, well or poorly, with ripple effects extending to the state and region. To develop its reservoir of human capital, Milwaukee needs a successful public school system. Yet, by nearly every measure, MPS is not doing a good job of preparing young people to participate successfully in the economy and, by virtue of their success, contribute more generally to their community. The preparation of MPS students, Lightbourn and Agostini observe,

is stunningly disappointing. They perform very poorly in the skills required in the business workplace and many take the ultimate step of dropping out of school. In the midst of Wisconsin’s largest city is a potential labor force that is not prepared to meet the demands of today’s jobs. This is a brain drain of the worst kind.²

Attracting and retaining high quality teachers is the key variable to improving urban schools. A growing body of research shows that teacher quality is perhaps the most important factor influencing student achievement. For example, Ferguson and Brown³ reviewed earlier studies and presented new findings regarding the importance of teacher quality in Texas and Tennessee. They found strong evidence that the teacher a student has in one grade affects the learning gains of that student a great deal, not only for the current year but also for the next several years afterward. Ferguson and Brown conclude that teachers who score higher on tests — such as certification tests — produce students who also score higher on achievement tests.

Another example of this new research on teacher quality is the work of William L. Sanders, now a senior research fellow with the University of North Carolina system and, for more than 34 years, a professor and director

of the University of Tennessee's Value-Added Research and Assessment Center. Sanders began with a simple idea. Students should act as their own control in terms of performance. Achievement should be measured based on the level of individual performance at, say, the beginning of the school year compared to the level of individual performance at the end of the school year. This is an important departure from earlier educational research that focused primarily on how students' socio-economic status, gender, race and so forth influenced student achievement. It is also a departure from the widespread reliance on local, state or national average test scores as measures of achievement. The "value-added" approach allows researchers to measure the effectiveness of school districts, schools, and individual teachers.

Professor Sanders developed the Tennessee Value Added Assessment System as a method of measuring the effectiveness of schools systems, schools, and teachers. This approach focuses on gain scores achieved by individual students. This is not an easy task. It depends on testing students in each grade, in each subject, and in each year. It depends on devising statistical approaches that control for such variables as student and teacher mobility.

What have we learned from this line of research? Sanders and his colleagues have concluded that classroom teachers are the single most important influence on student progress. In a summary of the "Value-added" research, Sanders and Horn⁴ wrote: "Differences in teacher effectiveness were found to be the dominant factor affecting student academic gain. The importance of the effects of certain classroom contextual variables (e.g., class size, classroom heterogeneity) appears to be rather minor. . . ." In citing a 1997 study,⁵ Sanders and his colleagues found that, "the two most important factors impacting student gain are the differences in classroom teacher effectiveness and the prior achievement level of the students. The teacher effect is highly significant in every analysis and has a larger effect size than any other factor in twenty of the thirty analyses."

There is strong evidence to suggest that improving our investments in human capital is of critical importance to the citizens of Milwaukee and residents of Wisconsin. There is also strong evidence that the quality of classroom teachers is the single most important influence on student achievement. In this context, the MPS teacher residency requirement looks especially ill-considered. It adds to the problems of a school district that has a critical interest in attracting and retaining high quality teachers. We should be finding ways to attract and retain quality teachers and not be adding more burdens.

A BRIEF HISTORY OF RESIDENCY REQUIREMENTS

Residency requirements come in many shapes and sizes. They may be applied to elected local officials, appointed local officials, and appointed local employees.

Generally, residency requirements state that officials or employees of a municipality, county, or state must live within the boundaries of the city, county or state. In Milwaukee, employees of Milwaukee County as well as the City of Milwaukee must live within the boundaries of the county and city. In the case of the MPS, teachers and school administrators must live within the city.

Residency requirements have a long history. They apparently originated in the English feudal system and came to America as part of England's legacy to the American colonies.⁶ They became widespread in the United States late in the 1800s, helping to bolster the spoils system in the bare-knuckled world of machine politics.⁷ As politicians looked for ways to reward their friends and punish their enemies, they often turned to legislated residency requirements, which bolstered the spoils system widely associated with graft and corruption. By means of residency requirements, politicians could set public-sector jobs aside for a restricted pool of applicants, thus increasing the likelihood that friends or relatives could go to work for city hall or become police officers.

Because residency requirements seemed part and parcel of a system of patronage, graft, and corruption, leaders of the Progressive Movement included them among their targets for reform. Arguing that residency requirements created a barrier to hiring the best candidates, the Progressives campaigned for their elimination. The urban reform agenda would be better served, they contended, if hiring were handled by civil service systems through which jobs would be awarded based on merit.

The Progressive Movement was largely successful in its fight to abolish residency requirements. By the 1920s, most U.S. cities had abolished (or chosen not to enforce) residency requirements. By the late 1960s, only Philadelphia, Buffalo, Milwaukee, and a few other big cities retained residency requirements in some form.^{8,9}

But residency requirements made a comeback in the 1970s. A 1979 survey conducted by the Akron Civil Service Commission showed that of 104 randomly selected towns, 81% had passed new residency laws.¹⁰

The renewed interest in residency rules was influenced, in part, by a favorable ruling by the United States Supreme Court in 1976.¹¹ Before the Supreme Court's decision in *McCarthy v. Philadelphia Civil Service Commission*, there had been much uncertainty over the constitutional validity of residency requirements for employees. Prior court decisions had yielded inconsistent rulings. In 1971, for example, the New Hampshire Supreme Court ruled that "the right of every citizen to live where he chooses and to travel freely not only within the state but across its boundaries is a fundamental right which is guaranteed both by our own and the Federal constitutions." In 1973, however, the California Supreme Court overruled a state Appeals Court and held that a city could legally require city employees to be city residents. It further ruled that the right to *commute* is not constitutionally protected, as is the right to travel.

In *McCarthy*, a Philadelphia fire fighter had brought suit challenging his dismissal by the Philadelphia Civil Service Commission for his failure to reside in the city. The plaintiff in *McCarthy* spent two nights a week at his mother's house in Philadelphia, two nights a week at the firehouse, and two to three nights a week in New Jersey with his wife and family. The United States Supreme Court upheld the residency requirement as applied to the plaintiff, arguing that it did not infringe on the right to travel or any provision of the U.S. Constitution.

Even before the Court's ruling in *McCarthy*, residency requirements had begun to resurface. A 1974 *New York Times*¹² editorial estimated that 56% of U.S. municipalities had residency requirements. Eisinger¹³ found similar results. A survey he conducted from 1979-1980 showed that 74 cities had residency requirements. Of those cities that could supply dates, 60% reported that the requirements had been approved in the 1970s.

Apart from the *McCarthy* ruling, what was it about the 1970s that fostered this growth spurt in residency requirements? Economic concerns were an important factor. The economy of the 1970s was in poor shape. A period of inflation that began in the late-1960s continued into the 1970s. The oil-price shocks of 1973 and 1979 fueled more inflation. The oil-price increases raised costs of production and, therefore, prices throughout the economy. Higher prices caused consumers to cut back on their total purchases, which lowered demand for many products and reduced the demand for workers. The combination of higher prices and higher unemployment — key elements in what is often called the misery index — was bad news for cities throughout the country. In this context of an economic slump, many city leaders sought short-term solutions intended to keep middle-income jobs in the city and to maintain the tax base.

Residency requirements were also imposed for various non-economic reasons. For example, proponents of residency requirements often stressed their concern for public safety. They argued that local residents required 24-hour protection and that public employees, therefore, needed to live nearby, available for service on short notice. Firefighters needed to live near fire stations, according to this view, and police officers needed to live near the neighborhoods they would patrol. But the public safety argument was not the only one invoked by proponents in their campaigns to establish or reestablish residency requirements.

THE MPS TEACHER RESIDENCY REQUIREMENT

As of 2006, MPS is the only public school district in Wisconsin to require that all of its employees — teachers, administrators, and others — live within specified municipal boundaries. As an outlier, it provides an interesting example for analysis. Teaching school has little to do with safety concerns — the primary non-economic rationale for residency rules in the case of police officers and firefighters. Absent the public safety rationale, what justifications were offered in support of a residency requirement for teachers?

In 1975, the League of Women Voters of Greater Milwaukee¹⁴ identified several reasons for supporting a teacher residency requirement. A teacher residency requirement, the League stated, might

- reduce unemployment in the city.
- stem the flight of middle-class people out of the city.
- help to preserve the tax base.
- keep the incomes paid for by taxpayers circulating within the city.
- increase the feeling among teachers that they had a stake in the school system, since they would be paying local taxes to support it and their own children would attend the city's public schools.

- make it easier for teachers to meet with parents after school hours.
- improve teachers' understanding of the problems faced by poor, minority schoolchildren in the city.
- improve teachers' general understanding of the problems facing the city's schools.
- foster a more reasonable, we're-all-in-this-together approach at the bargaining table, since teachers would also be taxpayers.

In the same report, the League also identified reasons for opposing a teacher residency requirement. A teacher residency requirement, the League noted, might

- infringe on a constitutional right.
- be exclusionary, fostering parochial attitudes.
- be discriminatory, because of possible exemptions.
- have little bearing on school employees' sensitivity to issues facing minorities.
- have little effect on school employees' social or political interests.
- have little impact on revenue, because local taxes might not be a large source of future revenue.
- have little to do with job performance.
- have no bearing on flight from the city.
- limit the pool of talent from which the school district would draw for new hiring.

The League's deliberation over teacher residency requirements reflected a broader discussion in the state among elected officials. In 1975, three bills were introduced in the state legislature addressing residency for Milwaukee teachers; two of the bills favored imposing such a requirement and one bill was opposed. In 1974, a resolution requiring all new MPS employees to be city residents was introduced to the MPS Board by Director Darrow. A similar resolution was introduced in 1975. In 1975, the MPS Board decided to make a residency rule for new employees one of its demands in its next round of contract negotiations.

In 1975, negotiations between the MPS Board and the MTEA were bitter. The MPS Board and the MTEA were deeply divided. Hundreds of issues were on the table. In January 1975, picket lines went up in front of schools across the city. In February, facing the threat of an injunction, the two sides reached a two-year agreement. But the peace did not last long.

In 1977, negotiations went from bad to worse. In March 1977, MPS teachers voted, by a ratio of three to one, to authorize a strike; they went out on strike in April. At the same time, the MPS Board and central administration faced a school desegregation order from a federal court. Issues surrounding implementation of the court order provided other points of bitter disagreement between the MPS Board and the MTEA. According to Kritek and Clear,¹⁵ the special master appointed to oversee the court order developed a compromise plan for implementation that was accepted by the MTEA but rejected by the Board. Eventually, however, the Board and the MTEA did reach a compromise. "Attrition wore both sides down during the third week, and a three-year contract was settled early in May as the result of the pressure from the special master's office and the efforts of the mediator."¹⁶ It was this 1977 contract that contained the provision establishing a residency requirement for MPS teachers. An approach to social engineering that had once been repudiated by proponents of good government now resurfaced, in a state known for its Progressive legacy, out of a murky background of wrangling over labor-management trade-offs.

RESIDENCY REQUIREMENTS LOSE APPEAL

Elsewhere in the country, by about the year 2000, teacher residency requirements had lost much of their appeal. They had been viewed in the 1970s and 1980s as a way to reduce middle-class flight from the cities and to protect the local tax base. During the late 1990s, however, school leaders around the nation faced looming teacher shortages that would reduce their ability to hire qualified teachers. In 1998, the National Center for Education Statistics¹⁷ published reports pointing to the need for about 2.2 million new teachers to be hired over the following ten years. The National Center for Education Statistics attributed the impending problem to increasing student enrollments and an anticipated increase in teacher retirements. Large urban school districts faced especially severe threats of teacher shortages.

For school officials girding up to cope with severe shortages, residency requirements came into view as a big problem — one more barrier to prevent otherwise qualified teachers from accepting teaching positions in urban districts. Here is an account of the experience of Peter Brendt, a recruiter for the Philadelphia School District.

I have been in front of groups of 40 or 50 people, and I'm talking to them about the glories of working in Philadelphia, and the career opportunities here, and all the great things people are doing here. . . . And a hand will go up, and someone will say, 'do you really have to live in Philadelphia?' and I say yes, and you lose 35% of them.¹⁸

STATUS OF TEACHER RESIDENCY REQUIREMENTS TODAY: MILWAUKEE'S IS ONE OF TWO

In 2001, teacher residency requirements were abolished by Philadelphia, Pittsburgh, and Providence, Rhode Island. What about other cities? How common are teacher residency requirements around the nation today? To find out, we obtained a list of the 50 largest school districts in the nation from the U.S. Department of Education. We called each district to ask if it had a teacher residency requirement. Table 1 shows the results: Only two of the 50 largest school districts in the nation still have teacher residency requirements — the City of Chicago and MPS. Forty-eight other large city school districts have found that they can do without the benefits that allegedly follow from teacher residency requirements.

THE ECONOMICS OF TEACHER LABOR MARKETS

Political rhetoric often serves to cloak residency requirements in a mantle of civic virtue when, in fact, the requirements have been imposed opportunistically for unstated reasons. The mayor of Detroit, for example, recently declared, in a reversal of his previous policy, that only people who live in Detroit may serve henceforth on his staff. The mayor had determined, his spokesman explained, that people who live in the city tend to work harder to ensure that the quality of life in the city is good. In its report on this development, the *Detroit Free Press*¹⁹ notes that the mayor had been re-elected in a bitterly fought mayoral race in which he accused his opponent of being beholden to suburbanites. In the aftermath of this campaign, the mayor was stung by revelations that he had appointed several suburbanites to key staff positions at the time when he and his supporters were castigating their opponent for suburban sympathies. The implication — not stated explicitly by the *Free Press* report — is that the mayor established his new residency rule in an ad hoc effort to reclaim his urban bona fides.

Amid rhetoric and machinations of this sort, underlying economic principles are typically disregarded. But a look through the lens of economic reasoning reveals a great deal about the issues at stake. Today, MPS is one of only two among the largest school districts in the nation to have a teacher residency requirement. Looking on from an economist's perspective, what might we predict about the long-term consequences of the MPS requirement? Would it strengthen the capacity of MPS to deliver high quality in education services, or would it be harmful?

1. The effect on the supply of teachers. Basic economics predicts that the imposition of a residency requirement would cause a decrease in the supply of teachers. In other words, the number of teachers who are willing and able to work in the MPS would be reduced by this requirement. Apart from residency requirements, prospective teachers face various barriers to entry into the profession, including state certification requirements. The imposition of a residency requirement adds another layer of thickness to the barriers.

What follows from this? In a competitive labor market, a decrease in the supply of workers brings about in an increase in the market wage. Prospective teachers will expect, tacitly or consciously, to be compensated for additional burdens placed on them by residency requirements or other upfront disincentives. In this respect they do not differ from other workers — workers contemplating physical risks, for example, who would require employers to pay a compensating differential in salary. If the compensatory wage is not met, these workers would likely seek different positions. In the case of the MPS, prospective teachers averse to the residency requirement, and foreseeing no compensatory wage differential, would be likely to seek jobs in other public school districts. They might also decide to test the labor market in non-instrumentality charter schools in the city that do not have to abide by the residency requirement.

Starting teacher salary data suggest that MPS does not pay a significant wage differential to compensate for the disincentive created by its residency requirement. Data from the 2004-2005 school year (supplied by the Wisconsin

TABLE 1 TEACHER RESIDENCY REQUIREMENTS IN THE NATION'S 50 LARGEST SCHOOL DISTRICTS

Name of School District	State	Residency Requirement?
1. New York City Public Schools	New York	No
2. Los Angeles Unified	California	No
3. City of Chicago School District	Illinois	Yes
4. Dade County School District	Florida	No
5. Broward County School District	Florida	No
6. Clark County School District	Nevada	No
7. Houston Independent School District	Texas	No
8. Philadelphia City School District	Pennsylvania	No
9. Hawaii Department of Education	Hawaii	No
10. Detroit City School District	Michigan	No
11. Dallas Independent School District	Texas	No
12. Hillsborough County School District	Florida	No
13. Fairfax County Public Schools	Virginia	No
14. Palm Beach County School District	Florida	No
15. Orange County School District	Florida	No
16. San Diego City Unified	California	No
17. Prince Georges County Public Schools	Maryland	No
18. Montgomery County Public Schools	Maryland	No
19. Duval County School District	Florida	No
20. Memphis City School District	Tennessee	No
21. Pinellas County School District	Florida	No
22. Baltimore County Public Schools	Maryland	No
23. Gwinnett County School District	Georgia	No
24. Baltimore City Public School System	Maryland	No
25. Charlotte-Mecklenberg Schools	North Carolina	No
26. Milwaukee School District	Wisconsin	Yes
27. Jefferson County	Kentucky	No
28. De Kalb County School District	Georgia	No
29. Wake County Schools	North Carolina	No
30. Cobb County School District	Georgia	No
31. Long Beach Unified	California	No
32. Jefferson County	Colorado	No
33. Albuquerque Public Schools	New Mexico	No
34. Orleans Parish School Board	Louisiana	No
35. Fresno Unified	California	No
36. Polk County School District	Florida	No

TABLE 1 TEACHER RESIDENCY REQUIREMENTS IN THE NATION'S 50 LARGEST SCHOOL DISTRICTS (CONTINUED)

Name of School District	State	Residency Requirement?
37. Fort Worth Independent School District	Texas	No
38. Austin Independent School District	Texas	No
39. Virginia Beach City Public Schools	Virginia	No
40. Cleveland City School District	Ohio	No
41. Anne Arundel County Public Schools	Maryland	No
42. Jordan School District	Utah	No
43. Granite School District	Utah	No
44. Mesa Unified School District	Arizona	No
45. District of Columbia Public Schools	District of Columbia	No
46. Nashville-Davidson County School District	Tennessee	No
47. Denver County	Colorado	No
48. Brevard County School District	Florida	No
49. Fulton County School District	Georgia	No
50. Columbus City School District	Ohio	No

Association of School Boards²⁰) show that the starting salary for an MPS teacher is \$32,439.²¹ MPS does pay a higher starting salary than some metro-Milwaukee school districts. Examples include: Franklin (\$32,053), Shorewood (\$29,002), South Milwaukee (\$31,019), Wauwatosa (\$31,882), and West Allis-West Milwaukee (\$31,950). However, a number of nearby suburban school districts pay more than MPS, including some in Milwaukee County. Examples include: Elmbrook (\$35,540), Greendale (\$33,023), and Greenfield (\$33,405). In the metropolitan market for teachers, therefore, teachers can choose a competitive or higher salary *and* no residency rule.

This problem is exacerbated by the rigid compensation system utilized by public school districts. MPS has an inflexible system for determining teacher compensation established by its agreement with the MTEA. It is a system geared to years of experience and education levels; it is not responsive to the forces of supply and demand.

2. The effect on teacher quality. Given that MPS does not pay a significant compensating pay differential to its teachers, there are many reasons why MPS teachers might differ — in training and years of experience, for example — from teachers in other districts in Wisconsin. MPS is the largest urban school district in the state; accordingly, MPS teachers face the full array of challenges associated with urban education in the United States. For example, data on the 2003-2004 school year (from the Wisconsin Department of Public Instruction²²) reveal that the habitual-truancy rate for MPS is over 45%, while the statewide average for all districts is just over 9%. Further, MPS has a dropout rate of over 8% whereas the statewide average is less than 1.5%. Finally, MPS teachers dealt with more than 1,200 weapons- or drug-related incidents in the 2003-2004 school year.

These factors suggest that MPS might find it very difficult to attract and retain quality teachers. At the same time, other factors in the teacher labor market would seem to provide MPS with advantages. For example, being in an urban area, MPS has access by proximity to many potential teachers living nearby — an advantage many of Wisconsin's rural school districts do not enjoy. In addition, Milwaukee is home to many of Wisconsin's largest colleges and universities; and since urban living is typically popular with recent college graduates, the urban location should aid in attracting young teachers.

Other factors also play a role, some enhancing and some detracting from MPS's capacity to attract and retain good teachers. But the weight of the evidence shows that in this respect, the challenges MPS faces outweigh the advantages it might seem to enjoy owing to its urban location. Table 2 presents data comparing the MPS teacher corps to teachers in a selection of other metro-Milwaukee school districts, urban Wisconsin school districts, and the average of all other Wisconsin school districts in terms of teacher training and experience for the three school years the

TABLE 2: COMPARISON OF THE MPS TEACHER CORPS TO OTHER WISCONSIN SCHOOL DISTRICTS: 2002-2003, 2003-2004, 2004-2005

School District and School Year	% Full Wisconsin License	% No License for Assignment	% 5 or More Years District Experience	% 5 or More Years Total Experience
Beloit				
2002-2003	97%	1%	71%	77%
2003-2004	99%	0%	74%	80%
2004-2005	98%	0%	77%	84%
Green Bay				
2002-2003	95%	0%	68%	78%
2003-2004	96%	0%	69%	79%
2004-2005	97%	0%	74%	81%
Kenosha				
2002-2003	91%	5%	71%	83%
2003-2004	88%	8%	62%	68%
2004-2005	94%	3%	65%	70%
Milwaukee				
2002-2003	87%	9%	60%	60%
2003-2004	88%	10%	64%	66%
2004-2005	95%	1%	60%	62%
Racine				
2002-2003	88%	4%	67%	68%
2003-2004	89%	3%	66%	67%
2004-2005	91%	2%	56%	58%
Shorewood				
2002-2003	93%	7%	70%	88%
2003-2004	97%	3%	75%	89%
2004-2005	98%	2%	81%	92%
Wauwatosa				
2002-2003	99%	1%	71%	80%
2003-2004	99%	1%	72%	81%
2004-2005	100%	0%	73%	81%
Average of All Non-Milwaukee School Districts				
2002-2003	96%	2%	69%	79%
2003-2004	96%	2%	72%	80%
2004-2005	98%	1%	73%	81%

Source: Wisconsin Department of Public Instruction

Department of Public Instruction (DPI) collected such data.²³ These data reveal that, over this time period and as measured by the outcomes in question, MPS lags behind other Wisconsin school districts in attracting and retaining qualified and experienced teachers. Like most school districts in the state, 2004-2005 school year data indicate that the MPS has made significant advances in their teacher qualifications. This is likely due to mandates put in place by the federal No Child Left Behind (NCLB) legislation. NCLB requires that all teachers of core academic subjects be

highly qualified by the end of the 2005-2006 school year. Under the law, a highly qualified teacher is defined as one who holds a bachelor's degree, has full state certification, and has demonstrated subject area competence in each subject taught.²⁴ Even with these gains, the percentage of MPS teachers with full Wisconsin licenses in the 2004-2005 school year (95%) continues to lag behind the state average (98%), other metro-Milwaukee districts (Wauwatosa 100%, Shorewood 98%), and many other urban school districts in Wisconsin (Beloit 98%, Green Bay 97%). Before the 2004-2005 school year, the MPS had significant problems attracting and retaining qualified teachers. In 2002-2003, only 87% of MPS teachers held a full Wisconsin license and 9% of MPS teachers were teaching with no license for their current assignment. These numbers were 88% and 10% in the 2003-2004 school year. For both school years and measures, the MPS had the least qualified teachers in the sample of districts we examined.

Table 2 also reveals that MPS teachers are among the least experienced in the state. In 2004-2005 only 60% of MPS teachers had more than five years of district experience and 62% had more than five years of total teaching experience. Statewide the averages are 73% and 81%. Among the districts we analyzed, only Racine has a less-experienced faculty. The experience data clearly shows the MPS as a district with significant turnover among its teacher corps. This problem manifests itself further among science teachers. In 2004-2005 only 57% of MPS science teachers have more than five years experience while statewide this average is 78%.

While no single factor can fully explain the discrepancy in teacher quality (as measured by licensure and years of experience) between MPS and the rest of the state's school districts, the teacher residency rule exacerbates MPS's recruitment and retention problem. We elaborate this point below. Here it is relevant to note that according to internal surveys of union members conducted by the MTEA, MPS teachers consistently rank the residency rule as a top priority for elimination in contract bargaining.²⁵

3. Effect on teachers and teachers-in-training. Several studies have been conducted of in-service teachers and teachers-in-training to identify the effects of residency requirements on recruiting and retaining teachers. The City of Philadelphia, through the work of the Philadelphia Education Fund, has led the way.

In 1983, the School District of Philadelphia mandated that all newly hired teachers must move into the city within one year. The one-year period was later extended to three years in 1999. Useem²⁶ examined problems of teacher recruitment and retention in seven of Philadelphia's 43 middle schools. She interviewed 60 new teachers working in seven high-poverty middle schools, questioning them about a variety of concerns including their preparation, their experience while being recruited, their assignments, and their plans for remaining in the District. These teachers had participated in a special training program for beginning teachers and had been hired during a grace period in which additional time was allowed for the mandated move into the city.

The teachers were asked whether they would leave the District within the next five years if they got an acceptable offer elsewhere. Two-thirds (67%) said they would leave; 22% said they were not sure; and only 12% said that they would stay no matter what.

The residency requirement was an important factor influencing these decisions. One third of the teachers said that the residency requirement would cause them to leave the District; another third said it might cause them to leave; and only 35% said that the residency requirement would not cause them to leave.

Useem also posed several open-ended questions about factors that might cause teachers to leave. In responding to these questions, half of the interviewees cited the residency requirement, and nearly a third pointed to problems of student behavior and discipline in the schools. Useem reported that many interviewees were vehemently opposed to the residency requirement, including some who had grown up in the city.

A report published by the Philadelphia Education Fund²⁷ summarized several other studies in which the Fund had been involved.

- Surveys of teachers who turned down an offer of employment with the Philadelphia District were conducted in 1997 and 1998. These surveys showed that one third of those who declined the offer of a teaching position said that the residency requirement was an important consideration in their decision. Among those who were already nonresidents of the city (nearly half of the respondents), half cited the residency requirement as a crucial barrier.
- A study conducted by the Philadelphia Education Fund in collaboration with the Philadelphia Schools reported on surveys completed by Philadelphia student teachers at the end of every semester since fall 1998. The results showed that the residency requirement was one of the three major factors discouraging student teachers from seeking employment in the Philadelphia District. Prior to the 1999 change in the requirement,

the residency requirement was the most commonly selected barrier to employment — identified as such by about 60% of the student teachers surveyed.

- In 1999 a survey of Temple University elementary and early childhood education student teachers placed in both suburban and Philadelphia schools showed that of the 42% currently living in the suburbs, only 23% were willing to relocate into the city if they were offered a teaching job in the District.

Philadelphia is not unique in this respect. The School District of Buffalo, New York, has faced similar difficulties in attracting new teachers. Peter Simon²⁸ reported on a survey of more than 350 education students at Buffalo State College. Simon found that, because of Buffalo's residency requirement, 71% of the students would not apply for a teaching job with the Buffalo Public Schools. They also reported that they would give preference to job offers from districts without residency requirements.

4. Effect on teachers-in-training in Milwaukee. In 2005, we conducted a survey of 114 students completing teacher-certification programs at the University of Wisconsin-Milwaukee. The survey included students majoring in elementary, secondary, and early childhood education. As shown in Table 3, the results are similar to those found in Philadelphia and Buffalo.

- About 84% of the students disagree with the statement that the MPS residency requirement helps to attract high quality teachers.
- Almost 89% say that MPS would attract higher quality teachers if it rescinded the residency requirement.
- About 62% report that the residency requirement would make them less likely to seek a position in MPS.
- Almost 70% do not believe that other teachers-in-training at UWM think that the residency requirement is a worthwhile policy.
- Over 82% would prefer to apply for teaching positions in school districts that do not have residency requirements.

Obviously, UWM teachers-in-training hold strongly negative views regarding the residency requirement. This is especially noteworthy given the commitment of the UWM School of Education to an urban mission and the special

TABLE 3: RESULTS FROM A SURVEY OF UWM EDUCATION MAJORS REGARDING THE MPS RESIDENCY RULE (SAMPLE SIZE = 114)

Statement	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
I believe that the MPS residency requirement helps to attract high quality teachers to work in the district.	0.9%	3.5%	11.4%	38.6%	45.6%
I believe that MPS would attract higher quality teachers if it rescinded the residency requirement.	42.1%	46.5%	6.1%	4.4%	0.9%
I believe that most other future teachers at my university think that the MPS residency requirement is a worthwhile policy.	0.0%	3.5%	27.2%	43.9%	25.4%
The existence of the MPS residency rule makes it less likely that I would apply for a teaching position in MPS.	37.7%	24.6%	15.8%	15.8%	6.1%
All things considered, I would prefer to apply for teaching positions in school districts that do not have a residency requirement.	50.0%	32.5%	10.5%	4.4%	2.6%

efforts it makes in its training programs to prepare its students for work in urban schools. If the requirement generates strong opposition among this sample of teachers-in-training, it very likely would act as a disincentive to Milwaukee-area teachers in other samples at least to the same degree.

4. Effect on teacher retention in MPS: Exit data. We further explored the problem of recruitment and retention by analyzing data on teachers that have left MPS, from 1992 to the present. We collected these data from the monthly proceedings of the MPS Board of Directors. The data (see Table 4) show that 4,699 teachers have left MPS

TABLE 4: WHY TEACHERS LEAVE THE MILWAUKEE PUBLIC SCHOOL SYSTEM (1992 TO PRESENT)

Reason for Leaving	Number of Teachers	Percentage of Total
Retirement	1,904	40.5%
Personal	1,037	22.1%
Relocated	597	12.7%
Other Work	587	12.5%
Residency Rule	240	5.1%
Education	107	2.3%
Other Reasons	227	4.8%
Total	4,699	100.0%

Source: Proceedings from the Milwaukee Board of School Directors Monthly Meetings (1992 to Present)

since 1992. Of these, 240 specifically cited the residency rule as their primary reason. This amounts to 5% of those who left during the time period in question. One could interpret the 5% figure in different ways, emphasizing that only 5% of those leaving cited the residency rule or that only 5% acknowledged the residency rule as their reason for leaving. Other stated reasons for leaving include “relocated” (597 teachers) and “personal” (1,037 teachers). A different sort of inquiry would be required to probe further into those responses in order to determine whether they stood as proxies for responses focused explicitly on the residency rule.

5. Effect on teacher retention in MPS: Interview data. In an effort to learn more about the retention problem, we conducted interviews with nine teachers and three school administrators who had left MPS. We asked, among other questions, questions about the effect of the residency requirement on their decisions. Most of the teachers had been with MPS for two-to-six years; one had been with the District for 21 years. The three administrators all had been with MPS for more than 20 years.

The teachers reported that they had been successful in their MPS classrooms. Several commented on having received excellent evaluations from their MPS supervisors. Others commented on new programs they developed at their schools. One teacher had initiated a highly successful new course at an MPS specialty high school. Another was videotaped as an example for other teachers on how to teach writing. Most of the teachers went on to be successful teachers in suburban school districts. Some became active in professional organizations; others have assumed roles as lead teachers and curriculum supervisors.

All of the teachers we spoke to enjoyed teaching in the city and said that they wished to remain in the MPS. A common theme revealed through the interviews is that they gained a special sense of satisfaction from working with the MPS students and the staff. All of them commented on how the special needs of urban youth made the job highly satisfying. Here are some specific statements:

- “You felt needed by your students. They knew you cared about them. You knew that you were helping someone and they appreciated it.”
- “In many ways it [working in the MPS] was more rewarding [than working in the suburbs]. You were often the biggest influence in kid’s lives. You could guide kids morally and give them something positive to think about.”
- “My passion is urban education. I was more needed in the city.”
- “My school was a great school. I saw positive growth in the school in the last five years. We had great kids who were fun-loving, generous, kind, accepting, and diverse.”
- “The staff is filled with dynamic people to work with. The literacy coach was great!”
- “I thought that the kids were great. I enjoyed the people I worked with. Despite the challenges, I loved MPS.”

- “I enjoyed seeing the children excel. I like working with exceptional education students with behavior disorders. They can excel once they learn better behavior. You can see how intelligent they are.”
- “Students still e-mail me thanking me.”
- “I helped a lot of kids to get ready for college.”

Why did these teachers leave? Certainly not because they were losers who felt adrift and ineffective in a challenging urban environment. The residency requirement, they said, was a key factor. One administrator who moved on to a suburban school commented that while he worked in MPS he had lost several good teachers from his school because of the residency requirement. Indeed, every administrator we spoke to, formally and informally, had stories about teachers who left MPS because of the residency requirement.

Taken together, the administrators’ comments formed a pattern outlining the effect of the residency requirement as an influence on teachers’ career choices. The administrators reported that the residency requirement mainly affected young teachers. Most new teachers are women in their twenties. Many get married in their twenties, usually to someone who is not a teacher. Eventually, many of these women, and their husbands, want to have children. Some of them contemplate leaving teaching entirely in order to raise a family, but many prefer to leave MPS and seek employment in the suburbs. Teachers’ husbands often wanted to move, too, into a larger home and a neighborhood with better schools. One former MPS administrator who now works in a Milwaukee suburb summarized this pattern quite well. He said: “I had a number of teachers leave my school due to the residency requirement. They loved MPS. They got married. They wanted to have children. They wanted to build a home. Land is restricted in Milwaukee. They preferred finding a better location.”

The comments from teachers we interviewed also fell into this pattern. Most teachers left for family reasons. Others left for economic reasons. Some left for both reasons. Here is what the teachers had to say.

- “The residency requirement was a huge reason. My husband is self-employed. He was very limited in what he could do in the city. Also, our daughter has exceptional needs. I did not want to see her bused across the city.”
- “My husband did not want to live in the city. He wanted to raise our kids with a suburban experience.”
- “I got married. My husband had a home in the suburbs in a nice neighborhood.”
- “We wanted a bigger house with a larger yard, nearer to the school my daughter attends so her friends could come over. Looking inside the city, there were few big homes with a yard.”
- “The residency requirement meant we had to buy a home in Milwaukee. We wanted to have more options.”
- “I had a huge mortgage in Milwaukee. Now [after leaving MPS] I can live with my mom and be her caretaker. My mom lives outside of Milwaukee. I even took a large pay cut to leave to accept my new teaching position.”
- “I wanted to live in Wauwatosa in the house my grandparents built.”

ARE QUALITY CONCERNS OFFSET BY OTHER EDUCATIONAL BENEFITS?

The data from state comparisons of teacher quality, state and local surveys of teachers, and interviews with teachers who left MPS make a compelling case that the residency requirement contributes to reduced quality among MPS teachers. This is a serious matter. However, proponents of the residency requirement argue that any worries about teacher quality are offset by several benefits. The residency requirement, they say,

- helps teachers gain a better understanding, based on personal experience, of the problems that face urban children and parents.
- increases teachers’ stake in MPS, since teachers who are parents will enroll their children in MPS schools and will have deep, personal reasons for wanting the schools to be effective.
- improves the economic well-being of the city by keeping one important set of middle-class households in the city.

If they were in fact true, these claims about the effects of the residency requirement would constitute a strong argument for retaining it, even given the adverse effects of the requirement on teacher recruitment and retention. In fact, however, these claims do not stand up to close examination.

WHERE DO MILWAUKEE TEACHERS LIVE?

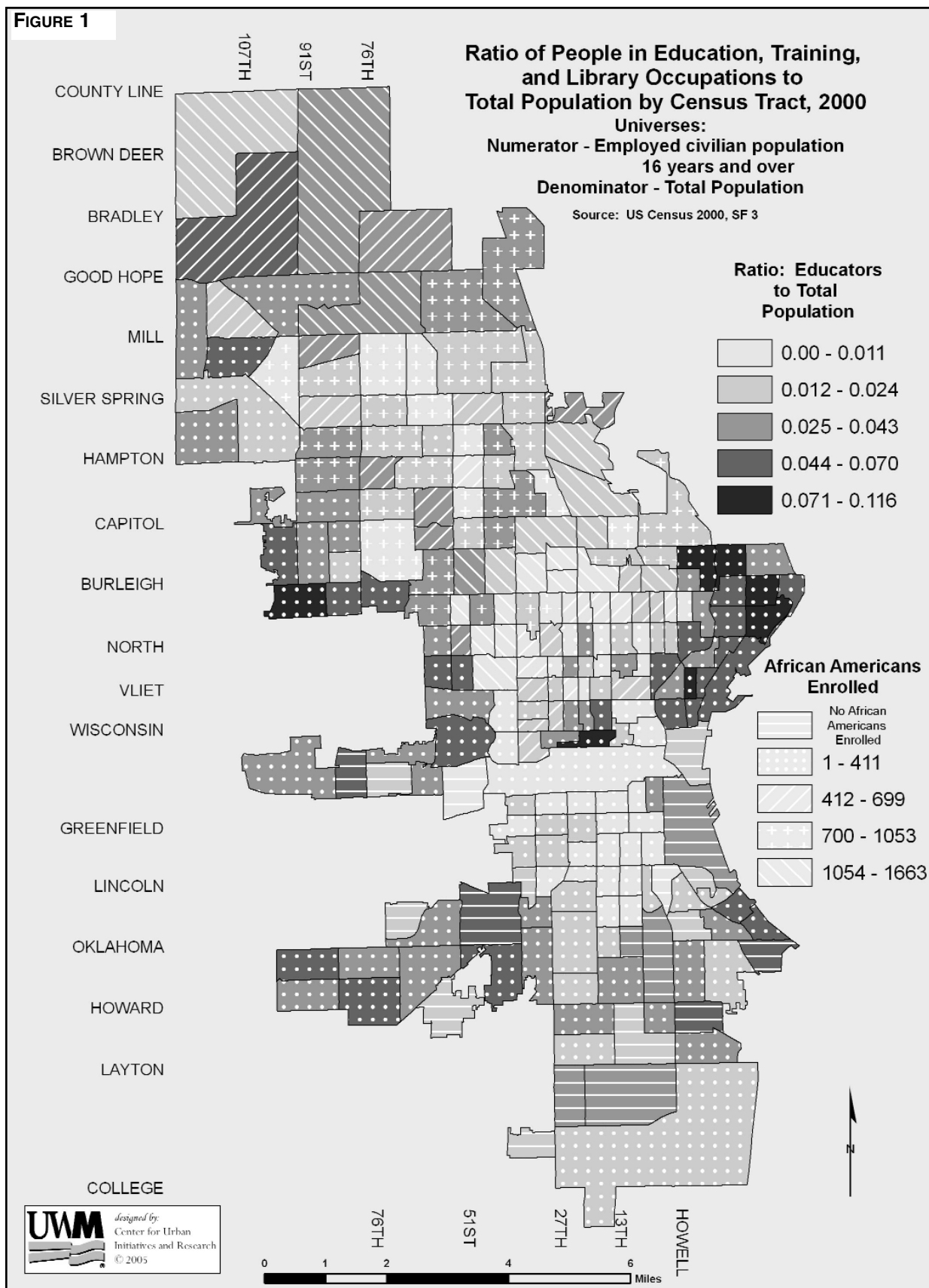
Consider first the claim that the residency requirement helps teachers gain a better understanding, based on their personal experience as urban residents, of the problems that face urban children and parents. This claim rests on an assumption that teachers affected by the residency requirement will live in the city *as their students do*, integrated into the neighborhoods in which they teach. The argument is often taken one step further: For inner-city children, it is said, teachers who live in the neighborhood will serve as positive role models in areas where such role models are few and far between. Those who make this argument describe a scenario in which teachers live on the same blocks as disadvantaged inner-city students — sharing similar living quarters, shopping at the same shops, meeting the same people coming and going on the streets — and find ways to become involved in the lives of young people and their families outside of school.

Few would deny that MPS teachers living in close proximity to MPS students, sharing their everyday life experiences, could have a positive effect on students' lives. But the teacher residency requirement can guarantee no such outcome. That is because, even given the residency requirement, MPS teachers do not for the most part live throughout the city, in close proximity to inner-city students. Instead, they live where they want to live within the diverse areas of the city, making residential choices based on their personal preferences and what they deem best for their families.

We arrived at this generalization after examining data from the U.S. Census,²⁹ focusing on City of Milwaukee census tract data to answer the question, Where do teachers live within Milwaukee?³⁰ Due to the micro-level detail that is required to perform this analysis at the census tract level, we needed to use some data proxies. For example, U.S. Census data do not tell exactly how many MPS teachers live in each census tract. The most narrow data aggregation available is to determine the total number of people involved in education, training, and library occupations by census tract. We, therefore, selected this category to serve as a proxy for MPS teachers and thus as a source of information about where MPS teachers live within the city. In general, this proxy provides a good estimate. However, in some areas of the city, such as around the University of Wisconsin-Milwaukee or the Marquette University campus, this category is heavily influenced by the presence of college professors and graduate students who earn income through teaching. The data collected in this manner reveal that the ten Milwaukee census tracts with the largest concentrations of teachers lie within certain very distinct areas of the city.

To illustrate the results, we developed a map based on the data. Figure 1 shows a map of the City of Milwaukee by census tract. This map assigns each census tract a shade based on the ratio of those employed in education, training, and library occupations compared to the total number of residents in the respective tracts. The darker tracts are those with many teachers per resident, while the lighter tracts are those with few teachers per resident. As depicted, the data show that the largest concentrations of educators to residents (see the darkest areas of the map) are on Milwaukee's East Side,³¹ South Side, and Bay View neighborhoods, along the Wauwatosa border, and near Greenfield and West Milwaukee. The next darkest areas are in the northern part of the city near Ozaukee County, with further concentrations also scattered about Milwaukee's South and West Side Census tracts. We looked particularly to see if many educators lived in the central city. The data show very few educators per resident living in central city census tracts, particularly in the central city between approximately Capitol Drive and North Avenue. This analysis shows that the teacher residency has not had the effect of integrating most MPS teachers into the neighborhoods where most MPS students are concentrated. Specifically, it has not brought about any significant presence of MPS teachers to inner-city neighborhoods. If MPS teachers are to have a positive effect as role models in their neighborhoods, it will be predominantly in a distinct set of neighborhoods including some that form a ring around the City. That is where most teachers live.

Figure 1 provides further insight regarding this point. This map displays a second measurement per Milwaukee census tract — that is, a pattern to represent the number of African American students enrolled in each tract. For example, horizontal lines and dots represent tracts that are home to the fewest African American students. Interestingly, many of the tracts that are home to the largest concentrations of educators per resident have either zero or very few African American students enrolled. Conversely, the census tracts that display lines that slope from left to right, or have plus signs, represent tracts with the most African American students enrolled. In many cases, these are the tracts with the fewest educators per resident, as shown by their light colors. Again, the claim that the MPS teacher residency rule leads to educators living among the students they teach, while also serving as role models in the city's most problematic neighborhoods, is shown to be a myth.

FIGURE 1

Even if this argument had been shown to be true, it is hard to argue it would improve education in the MPS. Even if teachers were allowed to live in the suburbs and drive to work in the inner city, they would still be in tune with the problems facing urban Milwaukee. They would continue to watch the same television news and hear the same radio programs. No matter where they live they will likely read the same newspaper. By living outside of the city and working in it, there is no reason to believe teachers will have a different view of what life is like in the city or the issues facing urban students.

TEACHERS AS STAKEHOLDERS IN THE PUBLIC SCHOOLS

Consider next the claim that the residency requirement gives teachers a stronger stake than they otherwise might have in maintaining the quality of the public school system. This claim rests on an assumption about teachers who are parents. The assumption is that teachers who are parents would send their own children to MPS schools, and then, like other parents, they would feel a heightened sense of concern, based on self-interest, in the quality of those schools.

How well does this claim stand up against the facts? Doyle, Diepold, and DeSchryver³² carried out a study to learn where teachers from large, urban public school districts send their own sons and daughters to school. Do they choose public schools or private schools? Their study included Milwaukee. Using U.S. Census data, Doyle, Diepold, and DeSchryver found that 29.4% of MPS teachers send their own children to private schools. By comparison, 23.4% of other Milwaukee parents send their children to private schools. MPS teachers outpace other Milwaukee parents in choosing private schools for their children by six percentage points.

Compared to teachers nationwide, Milwaukee teachers also ranked high in terms of the percentage choosing to send their children to private schools. Doyle, Diepold, and DeSchryver found that while Milwaukee ranks 36th in the nation in terms of population, it ranks eighth in the nation regarding enrollment by public school teacher's children in private schools. The following areas rank ahead of the MPS: Philadelphia (43.8%), Cincinnati-Hamilton (41.2%), Chicago (38.7%), Rochester, NY (37.5%), Baltimore (35.1%), New York-Northeastern NJ (32.5%), and Providence-Fall River-Pawtucket, MA /RI (31.3%).

The fact that nearly 30% of MPS teachers who are parents opt out the public schools is rather striking. It is reasonable to assume that MPS teachers have a good understanding of the level of educational quality that students are likely to receive within MPS. It is also reasonable to assume that MPS teachers want a quality education for their own children. If MPS teachers are more likely than other parents to send their own children to private schools, that fact calls their confidence in MPS into serious question. At the same time, it calls one claim about the residency requirement into question. For nearly one in three MPS teachers who are parents, the teacher residency requirement has not increased the sense of a direct, personal stake in the success of MPS.

HOW A WEAKENED MPS TEACHER CORPS IMPEDES ECONOMIC DEVELOPMENT

Another argument for the MPS teacher residency requirement is that if the rule were lifted and teachers could choose to live in other communities, the City of Milwaukee would suffer in terms of tax collections and consumer spending. This argument has been stated in a report commissioned by City of Milwaukee in 1994.³³ The report concluded that if the rule were lifted, 60% of MPS teachers would choose to live outside of Milwaukee within 10 years. This outcome, according to the report, would have a significant adverse effect on property values and spending in Milwaukee.

If the teacher residency rule were rescinded, we have no doubt that some teachers would take advantage of the opportunity to move to another community. That said, it is also true that teachers who chose to leave would not simply walk away, abandoning their property. Instead, like other people who move, teachers would sell their homes to buyers who could afford to buy them.

The short-term economic impact that rescinding the residency requirement for MPS teachers would have depends upon the type of policy change implemented. For example, if the rule were phased in over time, it is unlikely this change would have any short-term impact on Milwaukee property values. If instead a policy change in which all teachers were free to leave the city immediately were approved, the change would still occur slowly as many teachers own homes that would have to be sold or have students in school that would make moving prohibitory.

Even if some short-term negative impact on Milwaukee property values could be assured, it should not warrant the continuation of this rule. The role of the MPS is to provide high quality education for Milwaukee students, not to lock in its employees to a geographic region and help city property valuations. The residency rule is a perfect example of a public policy in which those that pay the costs (MPS district in terms of challenges in hiring quality teachers and ultimately the students that are taught by a lower quality teacher) are not those that receive the benefit (City of Milwaukee in higher property values).

These adverse economic effects, if they did materialize, would most likely be negligible and short-term. The 1994 City of Milwaukee report failed to consider the likely long-term effects of rescinding the residency requirement. As we have attempted to show, rescinding the residency requirement would enlarge the pool of prospective MPS teachers, thus improving teacher quality and the quality of the education provided in MPS. Studies consistently show that the quality of public education in a given community is an important factor in Americans' decisions about where to live. Education quality also affects real estate prices. In fact, a recent survey by the National Association of Realtors ranked public education second only to crime as a factor influencing the decisions of home buyers. "Poorly performing schools," the survey report concluded, "can limit the desirability of even the best housing stock, while great schools can attract new life into the worst neighborhoods."³⁴

Further, academic research has firmly established a correlation between quality education and property values. In a 1997 study, UCLA economist Sandra E. Black analyzed the relationship between home prices and student test scores.³⁵ She controlled for variations in neighborhoods, taxes, and school spending in order to isolate the value parents put on school quality. She found that parents are willing to pay 2.5% more for housing per every 5% increase in test scores. Other researchers have undertaken similar studies, including a 2003 study of a county in North Carolina. It found that moving from the bottom 5% to the top 5% of schools (in terms of test scores) was associated with a 18-to-25% difference in home values.³⁶

Instead of trying to protect and increase property values in Milwaukee by retaining a teacher residency requirement based on false assumptions, it would be better to focus on improving the quality of education provided by MPS. Defending a latter-day version of the Iron Curtain around the city's border will never produce the long-term impact on economic development that city leaders desire, because without high-quality teachers Milwaukee neighborhoods will prove to be unappealing to many parents or potential parents. The City of Milwaukee should not "free-ride" on MPS as a way to maintain property values.

DIFFICULTIES AND COSTS OF ENFORCEMENT

Of course Milwaukee's Iron Curtain is far more benign than the one made of bricks that came down in 1989. Still, the teacher residency requirement has obliged MPS to engage in some disagreeable and costly enforcement activity. Almost everyone who has lived in Milwaukee area for any length of time has come in contact with a teacher living outside the city while maintaining a phony address to satisfy the residency requirement. These end runs around the rule put MPS into the uncomfortable position of having to label some of its teachers as miscreants. Since 1998, 44 MPS teachers have been investigated for residency rule violations; two teachers have been dismissed by MPS Board action for violations of the rule; and 28 teachers have resigned in lieu of being discharged by the Board.³⁷

In addition to the problem of having to label some MPS teachers as wrongdoers for violating the residency requirement, there is also a monetary cost that the district incurs in enforcing the rule. Given the budget problems MPS has experienced over the last few years, any unusual cost the district incurs should be scrutinized carefully — in particular, costs that are not associated with instruction.

MPS has contracted for 90 private investigations (at a cost of over \$110,000) of teachers in enforcement of the residency requirement since 1998. These private investigators are hired to look into the private lives of MPS teachers and determine whether their primary residence is in the City of Milwaukee. In addition to this direct cost, MPS incurs other costs linked to staffing assignments related to the residency rule. MPS staffers in thirteen district administrative positions are currently involved in enforcement of the residency rule.

IS THERE LIFE AFTER ABOLISHING A RESIDENCY RULE? THE PHILADELPHIA STORY

Other states have abandoned their teacher residency requirements for their large cities. For example, residency rules were abolished in Philadelphia, Pittsburgh, and Providence Rhode Island in 2001. How have these cities fared since the abolition?

We decided to examine the situation in Philadelphia. The School District of Philadelphia, a large urban center, faces many of the same problems as the Milwaukee Public Schools. Leaders in Philadelphia decided early on that improving teacher quality was a high priority. Organizations such as the Philadelphia Education Trust led the way. It identified the state-imposed teacher residency rule for Philadelphia teachers as an important obstacle to reaching their goals. In 2001, the residency rule was abolished by the state legislature. Rescinding the residency requirement had solid support from the Philadelphia Federation of Teachers. It also took place at a time when the School District of Philadelphia had no elected school board. What has happened to the Philadelphia schools and the city's economy since that time?

One caution is in order before examining the situation in Philadelphia. The School District of Philadelphia has taken several steps to improve the quality of its teacher corps. Abolishing the teacher residency requirement was one of many policy changes. While the removal of the residency requirement has contributed to helping the district improve its overall teacher quality,³⁸ it was one of several other policy changes focused on improving teacher quality.

The School District of Philadelphia has achieved substantial gains in the quality of its teachers. In a January 2006 report,³⁹ the district reported that for a fourth year in a row the total number of certified teachers increased from a low of about 89% in 2003-2004 to 95% as of January 20, 2006. The school district has significantly decreased the number of teacher vacancies. As of January 2006, it only had 65 teacher vacancies in a district that has over 10,550 teachers. The attrition rate of teachers has improved with far fewer resignations than in the past and fewer from first-year teachers. In a 2003 staff communication,⁴⁰ the school district announced that applications for prospective teachers rose 44% from 2002 to 2004.

How did the City of Philadelphia fare after the abolition of the teacher residency requirement? Again, one should use caution in examining economic data for the City of Philadelphia. The economic impact of removing the teacher residency requirement may have been offset by other policy changes.

The City of Philadelphia has been undergoing something of a renaissance. In 2005, it was named by *National Geographic Traveler* as the "next great city." Philadelphia has become well-known for its condominium building boom in a downtown area known as the Old City.

According to the City of Philadelphia Five-Year Plan⁴¹ Philadelphia is in healthy fiscal condition. The local real estate market has been positive. The Real Estate Transfer Tax revenue reached a high of \$195 million. This resulted in Real Estate Tax Revenues that were \$8 million more than budgeted for FY05. This is important. The real property tax is the second largest source of tax revenue for the city. Table 5 shows that real estate net billings have steadily increased. It appears that there is no documented evidence that abolition of the residency requirement of Philadelphia had any negative effect on the economic health of the city. If anything, we suspect that its removal has contributed to a sense that the schools are improving.

TABLE 5 GROWTH IN REAL ESTATE TAX ASSESSMENTS, 2000-2006 (\$ MILLIONS)

	2000	2001	2002	2003	2004	2005	2006
Certified Assessments	9,452	9,741	10,159	10,621	10,946	11,031	11,417
Growth Over Prior Year	+2.3%	+3.1%	+4.3%	+4.5%	+3.1%	+0.8%	+3.5%
Adjustments	(70)	(62)	(160)	(235)	(250)	NA	NA
Net Billing	9,382	9,679	9,999	10,386	10,696	NA	NA
Growth Over Prior Year	+2.2%	+3.2%	+3.3%	+3.9%	+3.0%	NA	NA

WHY DOES THE RULE SURVIVE? PUBLIC CHOICE THEORY 101

It would be comforting to think that policies survive because they have good effects. But the MPS teacher residency requirement has survived to date despite the fact that it has not achieved any of the goals claimed on its behalf.

- MPS teachers are less credentialed than teachers in other districts statewide.
- The turnover rate among MPS teachers is high.
- Local teachers-in-training are reluctant to apply for jobs in MPS.
- Many good teachers — teachers who loved teaching in MPS — have left the city because of the residency requirement and accepted teaching positions in Milwaukee-area suburbs.
- MPS teachers live in distinct pockets of the city and on the city's periphery — almost never in the central city.
- Nearly 30% of MPS teachers who are parents send their children to private schools.
- Most teachers live in desirable residential neighborhoods in the city. If they were freed up and some moved out, their departures would have only negligible, short-term economic effects (if there were any effects at all), since the homes vacated by teachers would be bought by people of a similar income category.
- Rather than seeking to bolster property values and foster economic development in the city by retaining a teacher residency rule, Milwaukee would be better advised to improve the quality of education provided by MPS.

These findings, while rarely discussed openly, are in fact not surprising. They merely confirm and elaborate what many MPS insiders have known for a long time — that the residency requirement contributes to erosion in the quality of education in MPS and fails to deliver the benefits touted by its proponents. Since these matters come as little surprise, they invite an obvious question: Why does the residency requirement remain in place?

An area of economics called public choice theory helps to provide an explanation. Economists in the past have ordinarily sought to describe and explain activity in commercial markets. Recently, however, some economists have turned their attention to the study of so-called non-market phenomena, including activity occurring within governmental units. The application of economic analysis to the study of government is known as public choice theory. Its basic premise is that the behavior of individuals in government is shaped in large part by the same considerations that shape behavior in markets. Buchanan⁴² states that, like traditional economic theory, public choice theory focuses on individuals rather than corporate entities, societies, communities, or states. The units of analysis are living, choosing, human beings, seeking to maximize benefits while minimizing costs.

In their decisions, people who work in government do respond to monetary incentives, but money per se is not their only consideration. Elected officials obviously respond to many incentives related to their families, the recognition they can garner, opportunities for leisure and travel, access to information and power, and personal satisfaction derived from community service. Because such incentives influence elected officials, we often can predict and explain the actions they take.

Elected officials clearly are inclined to respond to one special incentive: They like to get re-elected. Getting re-elected depends on earning votes — scarce “goods” in the electoral marketplace. Earning votes depends on competing successfully in efforts to win nominations, hire talented staff, attract volunteers, gain office space, and so forth. All this depends, in turn, upon gaining support from people who are in a position to provide crucial help. Thus, elected officials have a strong incentive to work on behalf of certain special interest groups (their supporters).

Public choice theory explains the actions of elected officials in part by reference to “special interest group effects.” To gain the support of interest groups, elected officials need to show support for policies favored by such groups. Elected officials might be willing to offer such support even if the policy — in the case we have been considering, the teacher residency requirement — results in outcomes that look bad as against criteria reflecting broader public interests.

Special interest group effects often provide an important explanation for government policies that persist long after they have been exposed as failures. A policy is considered a failure when its real costs exceed the benefits it generates. Here is how it works. Failed government policies prove to be durable when they generate substantial benefits for a small number of constituents while at the same time imposing a relatively small or undetectable cost on a

large number of others. In other words, government failure would be expected when the benefits of a policy are concentrated among a few (members of special interest groups) while the costs are spread out over many (parents of public school children, for example).

How might public choice theory apply to the stubborn persistence of the MPS residency requirement? Public choice theory postulates that somebody involved in Milwaukee's education arena must derive a concentrated benefit from the requirement. The MTEA is a likely suspect. It can obtain substantial gains for its members if it can help elect School Board members who are sympathetic to pro-MTEA positions. Toward this end, it can use its resources to help certain candidates win certain elections. School board elections are an example.

But what does this have to do with the teacher residency requirement? The residency requirement locks thousands of potentially pro-MTEA voters (i.e., teachers and other educators) into the City of Milwaukee, thus concentrating their electoral power and enhancing the prospects of pro-MTEA candidates. Of course, the residency requirement does not *guarantee* that union-endorsed candidates will win School Board elections. Endorsement or not, candidates for board positions still face competition. But the residency requirement makes the job of gaining votes and other types of support easier for union-supported candidates. The concentrated voting power of MTEA members also creates an incentive for other candidates — other than those seeking School Board positions — to come courting. A candidate for the mayor's office or an alderman's office might enhance his or her prospects by gaining support from MTEA voters.

What does this analysis imply about the costs of the residency requirement and how are they diffused? Public choice theory postulates that the cost of the residency requirement would have something to do with an important matter of public interest — a decrement in the quality of education provided within MPS, for example — obscured by special pleading. Decrements in education quality fostered by the residency requirement are difficult to identify in part because their effects are spread out over hundreds of schools and thousands of classrooms. The cost also is hard to detect because the negative effects of the residency requirement have necessarily been gradual. When the residency requirement was put in place in 1977, almost nothing changed. Teachers employed at the time were not required to move into the city; they were “grandfathered” into the new system. Now, 30 years later, one would expect the effects to be more visible. For nearly three decades, prospective MPS teachers who wanted to live outside Milwaukee have been discouraged from applying for positions in MPS.

CITY WARD VOTING DATA ARE CONSISTENT WITH PUBLIC CHOICE ANALYSIS

The sketch presented above reflects public choice theory. Is that sketch supported by evidence about actual events in Milwaukee? We believe it is.

We have examined data about voting in MPS school board elections to test the claim that the MPS teacher residency requirement remains intact at least partly because it provides political benefits to the MTEA leadership and, in turn, to some local candidates for elective office. We analyzed data, by Milwaukee city ward, for every general school board election held in Milwaukee between 1994 and 2004.⁴³ We categorized City of Milwaukee wards as “teacher dominated” whenever 2000 U.S. Census data showed that 8% or more of a tract's population worked in the education, training, or library occupation category. Further, we categorized candidates for office as “union supported” if information from the Milwaukee City of Election Commissioners office showed a contribution to a candidate's campaign from either the MTEA or the Wisconsin Education Association Council (WEAC).

The results from this analysis are summarized in Table 6. The data show that union-supported candidates fare significantly better in teacher-dominated wards than in other wards. In fact, union-supported candidates garner more than 53% of the vote in teacher-dominated wards; they receive support from only 48% of voters in other wards. While the voting in teacher-dominated wards remains competitive, union-supported candidates have a substantial edge in those wards over non-union candidates.

The reasons for this substantial edge are three-fold. First, teachers are concentrated in certain wards in the city, so they can be influential in certain wards as well as the at-large school board races. Second, teachers, similar to other college-educated people, are more likely to vote. Elected officials then would be more likely to pay attention to them as a result. Finally, the fact that school board elections attract relatively few voters makes the value of their votes even more important. Consider the general election in the spring of 2005 (conducted on April 5, 2005). In this election four separate school board elections were held. In none of these elections did the number of votes cast exceed

5,300 votes. In fact, in this election with no major races on the ballot, only 30,908 of the 436,405 registered voters (7%) in Milwaukee turned out to cast ballots. Contrast this with the November 2004 election, in which a U.S. presidential contest was on the ballot, where 277,535 of

TABLE 6: SCHOOL BOARD ELECTION VOTING PATTERNS BY CITY OF MILWAUKEE WARDS

	Teacher-Dominated Wards	Non-Teacher-Dominated Wards
Percentage of Votes for Union-Supported Candidates	53%	48%
Percentage of Votes for Candidates Not Supported by Unions	47%	52%

396,600 (70%) registered voters went to the polls. Obviously, teachers have a greater incentive to vote in these low-turnout elections and, therefore, have a substantial impact on the outcome.

The data in Table 6 show that the teacher residency requirement yields a measurable, concentrated benefit to the MTEA and to local officials who appeal to MTEA voters. We have here a textbook case showing how a special interest group effect produces at least de facto support in leadership circles for a failed government policy. The data also help to explain why no one — in the MTEA or among School Board members — has much interest in making the political sacrifices that would be required in order to negotiate the residency requirement out of the MPS collective bargaining agreement, even though the relevant evidence shows that it undercuts the drive for quality education in MPS and fails to accomplish any of the goals for which it originally gained support.

Interviews with individuals who have first-hand knowledge of recent negotiations between the MTEA and the MPS School Board substantiate this reading of the evidence. While MTEA leaders state that removing the residency requirement is an important priority for its membership, our sources, who wish to remain anonymous, report that the MTEA makes only weak, pro forma efforts to bargain away the residency requirement during contract negotiations. Similarly, our sources report that the MPS Board would agree to give up the residency requirement only if it could extract, in return, large concessions from the MTEA on other points. The stalemate persists because neither side has a strong political interest in removing the residency requirement. It has nothing to do with education quality.

CONCLUSIONS AND RECOMMENDATIONS

While some efforts have been made to abolish the residency requirement through negotiations between the MPS Board and the MTEA, nothing has changed. Local elected officials and the MTEA have a deep vested interest in preserving the current system. They are unlikely to make the political sacrifices that would be necessary to abolish the MPS teacher residency requirement.

We conclude that abolishing the MPS teacher residency requirement could be accomplished only by action at the state level. The legislature could rescind the MPS teacher residency requirement. It should do so. The state, after all, has a strong interest in the quality of education services supplied by MPS — services for which it provides substantial financial support. The state relies on MPS for the development of human capital, and thus for economic growth, in southeastern Wisconsin and more broadly. Rescinding the teacher residency requirement would not fix all the things that need fixing in MPS. No policy change would. But doing away with the requirement would help by enlarging the talent pool from which MPS does its hiring. Benefits would accrue immediately, and they would accumulate; the effect over time would be substantial improvement in the quality of education provided by MPS.

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22. For more information on Wisconsin Department of Public Instruction data, see <http://dpi.wi.gov/lbstat/data.html>.
23. It would have been interesting to compare these same statistics between the Milwaukee Public Schools and other urban U.S. school districts. Unfortunately, comparable data are not available nationally.

24. Interestingly, between the 2003-2004 and 2004-2005 school years, the MPS went from 572.7 full-time equivalent teachers with no license for their current assignment to only 89 such teachers.
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