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EDITED BY
Margaret Grogan,
Chapman University, United States

REVIEWED BY
Claudia Fahrenwald,
University of Education Upper Austria, Austria
Luis Alex Alzamora De Los Godos Urcia,
Cesar Vallejo University, Peru

*CORRESPONDENCE
Krishna Patel
✉ krishna.hitendra.patel@gmail.com

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Tax credit for support of university-community partnerships in low-income urban school districts

Krishna Patel[1,2]*

[1]Icahn School of Medicine at Mount Sinai, New York, NY, United States, [2]Department of Social Policy Intervention, University of Oxford, Oxford, United Kingdom

Tying public school funding to property taxes has prevented low-income school districts in the United States from garnering adequate financial and social resources. As a result of this regressive funding system, millions of children find themselves trapped in underfunded schools and neighborhoods that perpetuate intergenerational trauma, tenuous employment, poor health, and poverty. However, in many underserved neighborhoods, including in cities like Philadelphia and Chicago, where poverty rates have been as high as 25 and 40%, respectively, many of the most under-resourced schools border or are adjacent to wealthy universities. Given this proximity of many universities and their wealth of resources spanning medical centers, community organizations, faculty, and students, the potential for mutual benefit, long-term structural change, and the ability to fulfill shared missions is significant, and partnerships that breakdown historical siloes must be encouraged. Therefore, this policy brief advocates for a tax credit at the federal level to incentivize and catalyze scaling of successful university-community partnership models that have been transformative in their respective communities.

KEYWORDS

university-community partnership, school funding, low-income schools, property tax, urban school district, policy, higher education

Introduction: limitations of current policy and background on community schools

Current funding mechanisms drive pervasive urban inequality. With students in the highest spending districts receiving up to three times as much per pupil funding than those in the lowest spending districts, most policies ensure that schools in low-income neighborhoods lack the finances to address even basic problems (Darling-Hammond, 2010; Harkavy, 2016). Moreover, current tax deductions for education fail to help the neediest students and school districts who would gain the most from assistance, as the predominantly wealthy individuals and businesses who exercise the deductions are inclined to support already well-endowed universities and school districts (Rich, 2014). Nevertheless, across the United States—from Philadelphia to Baltimore to Chicago--many of the most social and financially underserved Kindergarten-12th grade school districts are paradoxically located adjacent to or within blocks of the most wealthy universities in the world with endowments in the tens of billions of dollars (Harkavy, 2016). Therefore, there is significant utility in creating policy that simultaneously closes the funding gap between the poorest and richest K-12 schools and empowering universities to engage in sustainable, long-term partnerships with their neighboring communities.

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Multiple universities have adopted comprehensive, community-school partnership models whereby they act as anchor institutions for their neighboring communities. The University of Pennsylvania and its Netter Center for Community Partnerships work in tandem with both the University of Pennsylvania Health System and the broader network of key stakeholders in Philadelphia's "eds and meds" economy to solve community identified problems and priorities. Powered by workforce development programs which have trained thousands of local residents for long-term employment in essential, front-line university jobs, and educational pipeline programs encouraging post-secondary success, multiple West Philadelphia neighborhoods have become stronger and healthier across numerous economic, health, and social metrics (Harkavy, 2016). Likewise, the Greater University Circle Initiative (GUCI) was formed in Cleveland in 2005 as a collaboration between Case Western Reserve University and its associated hospitals, including the Cleveland Clinic. In the following years, $44,000,000 were invested in transportation to increase access to healthcare and other community hubs, and hundreds of millions of dollars were also invested in minority-owned businesses and broader efforts to tackle social determinants of health including housing instability, job creation, and establishment of novel community engagement networks and support systems (Koh et al., 2020).

Need for community schools in a post-pandemic world

During and since the COVID-19 pandemic, school districts have found themselves having to manage not only their usual educational and pedagogical responsibilities, but also a host of social–emotional needs of students and families which were exacerbated by years of social isolation and often spilled into classrooms. Most notably, large-scale meta-analyses and systematic reviews have ascertained significant deteriorations in mental health that have been linked to increased prevalence of traumatic experiences, anxiety, depression, suicidal ideation and self-harm, learning loss, as well as more frequent behavioral disturbances and impaired social interaction (Meherali et al., 2021; Hassan et al., 2023). As these challenges have piled onto the already extensive responsibilities and mental health stressors on educators and school staff themselves, there has been a well-documented exodus of teaching professionals, especially in low-income school districts. In Massachusetts, there was a relative increase of 17% in teacher turnover from 2016 to 2022 (Bacher-Hicks et al., 2023) and nationwide, self-reported surveys suggest significant increases in teachers looking to leave the profession and diminished interest in undergraduate and graduate students pursuing careers in the classroom (Robinson et al., 2023).

Policy options and implications

Policy structuring and actionable recommendations

Although universities' non-profit status precludes them from tax credits, individuals as well as local and national businesses can utilize the tax credits to contribute to jointly managed funds for university-community partnership projects. Contributions to these funds would be invested in initiatives supporting local students' education and overseen by universities alongside school districts and local businesses in their proximity. To maximize the likelihood that students in communities with the greatest need become the greatest beneficiaries, more tax credit could be awarded to those who contribute to areas with the lowest median income and per pupil spending. This disincentivizes massive donations to affluent areas with strong schools. Small businesses in low-income districts can also be given more flexibility and receive tax credits that comprise a greater percentage of their total tax bill to encourage contributions that will go towards improving students' education. For instance, flexibility could be granted by offering small businesses in low-income areas extra tax credits for making local contributions.

The next consideration is ensuring that contributions received in each district address relevant needs. Each district should assemble a committee of representatives consisting of select university faculty, district teachers, at least one principal, a local representative, community leaders, and student representatives. This committee would ensure that contributions are used for appropriate projects and give all parties a voice in prioritizing the most pressing issues. It would also equip educators, instructional leaders, and lawmakers with firsthand knowledge of different concerns within a specific community that ought to be addressed. Establishment of decision-making bodies and action-oriented committees who consist of individuals who represent the lived experiences and physical conditions of their communities has become increasingly common in both public policymaking and university-led. Community-based participatory research to furthering equitable, informed, partnerships (Key et al., 2019; Sanders Thompson et al., 2023).

Benefits of policy to different stakeholders

Benefits to businesses and universities

In cities which have committed to establishing university-community partnerships, significant financial benefits have been observed. Most strikingly, an evaluation of the investments between 2010 and 2017 noted a 20% increase in purchasing value of goods and services local economy that were attributed to the aforementioned GUCI collaboration in Cleveland (Koh et al., 2020).

Moreover, every contribution tied to the tax credit can be thought of as a commitment to providing additional educational opportunities for students. From the standpoint of incentivizing large businesses to contribute, philanthropic giving is a widely established marketing vehicle that has been shown in formal academic business research and evaluations to be conducive to positive media coverage (Zhang et al., 2010). For local businesses within the geography of the university-community partnership, the financial benefits may extend beyond heightened favorability and loyalty among local residents into broader economic vitality as seen in Cleveland after creation of the GUCI collaborative (Koh et al., 2020).

Lastly, a donation from a business to a university could later be consolidated as a pipeline or dual-enrollment program or similar work-study partnership in which businesses could gain greater access to talented university graduates. Having more place-based, professional opportunities near campus would also enrich the education of students at the universities. In turn, there is evidence to suggest that students who are provided with more opportunities to engage with neighboring communities to their place of study become more likely to remain in the region post-graduation—something which can be especially helpful for filling high demand but limited supply professionals including educators and mental health professionals (Coleman-King et al., 2023; Curci et al., 2023).

Moreover, having a pool of contributions earmarked for these partnerships would create opportunities for universities to bridge chasms between themselves and their surrounding communities (Etienne, 2012). When universities establish strong connections with neighboring school districts, they can then explore how else to support larger initiatives. For instance, many urban districts have limited access to centers for early education and a dearth of social infrastructure to mitigate the trauma young children face (Darling-Hammond, 2010). Over time, a university could work alongside district and community leaders to establish a preschool or health center to support the development of young children. University students would also have more opportunities to learn and work in off-campus environments, while designing projects focused on identifying and solving real-world problems.

These opportunities are especially ideal for medical schools in a post-pandemic world, where students can again have more opportunities to engage in community health research and develop interpersonal skills with patients outside of controlled classroom settings. Evidence from numerous medical student and resident physician interviews suggests that trainees provided with more time and opportunities to develop roots in underserved urban (and rural) areas become more likely to increase their practice presence in those same areas post-training (Keitz et al., 2019; Terregino et al., 2021). This suggests that medical education is uniquely positioned to encourage clinicians to be key players in university-community partnerships, especially those aimed at improving health equity and tackling social determinants of health.

Moreover, since the COVID-19 pandemic, medical schools and academic medical centers with self-described missions of research, teaching, and education have become increasingly tasked and held to charge over their responsibility to help meet demand for short-staffed mental health and other medical professionals through training, credentialing, and recruitment of clinicians and staff (Makuku et al., 2022).

Benefits to local, state, and national governments

Although the government will see a decline in tax revenue initially, the improvement in students' lives and downstream benefits of a more educated populace and stronger urban tax bases will recoup the initial investment. At the highest level, the federal government would be given an opportunity under this policy to ingratiate itself more with education at the district level as it would be necessary to monitor how the awarded tax credit is allocated and used in different parts of the country. With regards to state funding of district schools, this policy can work to mitigate some of the funding disparities across different districts. In doing so, it alleviates some of states' responsibility to spend additional money to equalize funding.

From an ideological standpoint, money should be spent if it translates into improved educational outcomes for students and families who have been ostracized from opportunities for generations. There is a direct connection between funding and quality of life, as a 20% increase in per pupil spending for low-income students has been linked to a 25% increase in their earnings and a 20% decrease in their incidence of poverty (Jackson et al., 2015). Furthermore, one can surmise that additional capital and assistance could translate to additional resources for educators. Teacher turnover may thus decrease, thereby reducing the billions of dollars in recruitment and replacement costs that currently fall on already underfunded school districts and states (Phillips, 2018). Higher teacher retention also maximizes student learning by allowing for pedagogical consistency and collaborative environments for educators (Payne, 2008). As academic programs become more likely to succeed, less funding is required to continuously develop new programs and attempt new reform. As such, this example illustrates how the tax-credit policy will build towards improvements that bolster student learning and decrease long-run costs associated with the compounding of deficiencies.

In addition, many urban districts and communities have a disproportionate number of undereducated, at-risk students who are encumbered by the barrier to quality education that exists in the United States. This barrier is one of the largest contributors to decreases in productivity being experienced nationwide as well as an increasing gap between those whose incomes lie in the top 1% and those with incomes in the bottom 20%. In turn, greater access to education would empower a more educated populace, and macro-level changes from increased productivity to decreased unemployment could soon follow.

These concepts are especially applicable to the school-to-prison phenomenon where thousands of students in blighted areas, who may have had bright futures under the right circumstances and conditions, find themselves removed from school and punished severely at young ages. This phenomenon is well-documented in urban neighborhoods with majority underrepresented minority student populations, and is notable because incarceration is a key indicator of collective unaddressed trauma, poverty, learning loss, and other preventable complications that when untreated or unaddressed, leads to devastating social and economic consequences at the individual and societal level (Hemez et al., 2020). Beyond the deleterious effects on education, physical and mental health, and ability to achieve independence through financial and social well-being, youth incarceration—which if often preventable—is by all estimates a multi-billion dollar economic burden nationwide (Mai and Subramanian, 2017).

More broadly, time spent in prison or even a less severe correctional facility renders it extraordinarily more difficult for one to regain stable footing. For our most high-risk youth, an investment in a strong education program could be the difference between someone who ends up in prison, at the cost of $30,000–$70,000 (in 2010 dollars) annually for taxpayers, and someone who receives the skills to start his or her own profitable business from which he can provide employment, have a fulfilled life, and make a difference to other at-risk youth Mills, 2017. Instead of having taxpayer dollars spent on correctional facilities in which neglected students have no place, funding should be mobilized towards building a nurturing learning environment that will pay dividends for students, districts, and the country as a whole.

Rebuttal to anticipated critiques

Despite the mechanisms in place to maximize the benefit for underserved districts, the biggest critique to this policy may be that large businesses will still find avenues to funnel a disproportionate amount of funding to already wealthy areas, often times for misguided reasons. While this is not an invalid concern, it is important to remember that tax credit at the national level will engender a new level of oversight from the federal government that will ensure the tax credit is used appropriately. Engaging the federal government also carries an added layer of accountability in the education system, beyond what is handled and often mismanaged by state governments, that may increase the efficacy of other education policies or amendments. Moreover, this critique overlooks the ability this policy gives small businesses to effect transformative change in the hearts of their own urban communities. For most urban districts, it is likely the contributions will be coming from small, local businesses most familiar with the particular area. Ideally, these contributions to university-community efforts would generate more business and foster an overall more connected community with the school district as a centerpiece and the university as an agent for change. It is reasonable to believe that in this ideal state, a more connected community would be a stronger and happier one for students.

In addition to the concern of further regressive behavior, opponents of this policy are likely to have reservations with the notion of reducing the amount of collectible tax revenue by millions of dollars. However, there are both ideological and financial counterarguments to this position. If equal opportunity in any form or to any degree is a desired outcome, spending resources in the form of a tax credit can be regarded as an investment that will translate to better outcomes for families who have already been receiving far less than a fair share of resources and opportunities for generations. Moreover, if this country is to reach its full potential and harness the talents of all its people, it is necessary to equip as many people as possible with a quality education that will empower them to lead independent lives. These ideological considerations aside, investing in education, if done in targeted way that ensures those students and families with the most needs in areas with the most extensive histories of disinvestment and structural inequalities, will yield significant savings from reduced rates of chronic illnesses and complications from disability (as well as future increases in tax revenue from macro-level improvements in employment and productivity) that stem from a better educated populace.

Conclusion

The aforementioned examples of robust university-community partnerships highlight the sustainable financial and social gains to be achieved at both an individual and system-level when a suitable structure is established to foster mutually beneficial collaboration between universities and their surrounding communities. There is significant potential that can be tapped by universities who invest time in understanding community identified needs and priorities that align with their shared missions in education, research, and teaching.

The policy framework discussed here serves to mitigate the transitional costs and time investment necessary to build trust and break down historically ingrained siloes, while incentivizing comprehensive partnership development between universities and their neighbors. By harnessing the collective expertise of universities and their communities, we can work towards an equitable system where all students and families have opportunities to gain an education that provides a fair chance at a fulfilling life.

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