



Rotary Club of Wellington

School Zoning: Locking Kids Out or Letting Them In?

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Introduction

Thank you for the opportunity to address the Rotary Club of Wellington.

Today, I want to discuss an issue that is close to the hearts of those with children in school – and especially those with children at the secondary education level. That issue is school enrolment schemes – or what is more commonly called school zoning.

Enrolment Schemes: What They Are

Under the Education Act 1989, all children have the right to be enrolled at a State school between the fifth birthday and the first of January following their 19th birthday. The right to attend a particular State school is not absolute – at least not for everyone.

School populations change for a variety of reasons – internal migration, inward migration from other countries, changes in the transport network, new housing developments, government policy changes, etc. Because school populations can change – in many cases quite quickly – the capacity of some schools cannot always keep up with the number of people wanting to go there.

Because state schools are not allowed to charge tuition fees, prices cannot rise to help to 'clear' the market, as would occur in other sectors. If the demand for oil goes up, the price of petrol rises at the pump to help moderate demand. The same thing cannot happen at state schools.

As a result, there can be a mismatch between the demand for places at a particular school and the number of places available. To address this issue, the right to attend a school can be limited by the existence of enrolment schemes. An enrolment scheme is simply a means of limiting the school's roll to prevent overcrowding at the school. The rules

surrounding enrolment schemes are long and complex, so I won't attempt to go into them here. But it is worth highlighting a few features:

- a school's enrolment scheme must contain a home zone with clearly defined boundaries;
- students who live in that zone have an absolute right to enrol at the school;
- students from outside the zone can enrol at the school, but only if there are enough places for them;
- schools have no discretion in selecting out of zone students to fill available places. These students must be accepted in the following order of priority: students in special programmes, siblings of current students, siblings of former students, children of board employees and finally, all other students;
- where there are more applicants than places for the last four of these groups, entry is by ballot; and
- the Ministry of Education must agree that a scheme is necessary and must also approve the content of the scheme.

Other types of schools are not subject to the same enrolment scheme rules as state schools. Integrated schools, Kura Kaupapa Maori and designated character schools may operate enrolment schemes if there is likely to be an excess demand for places at the school. Unlike state schools, enrolment schemes at these schools do not have to include a home zone or provide for a ballot. They can, however, be subject to other limits on enrolments. For example, no more than 5 percent of enrolments at integrated schools can be 'non-preference' students – those who do not meet the special character requirements (eg. Catholic students at a Catholic school).

Recent History of Enrolment Scheme Legislation in New Zealand

School enrolment scheme provisions have been amended a number of times since the late 1980s. In many respects, the rules surrounding enrolment schemes have come full circle (see Table 1): school enrolment scheme provisions were loosened in 1989 as part of the Labour government's Tomorrow's Schools reforms, loosened in 1991 under the National government, tightened in 1998 under the National/New Zealand First coalition government and tightened further under the Labour/Alliance government in 2000 and 2001. The enrolment scheme provisions in place today are similar in many respects to those that existed under the Tomorrow's Schools reforms of 1989.

Table 1: School Zoning Policies in New Zealand: A Chronology

Period	Description
1989 - 1991	Tomorrow's Schools amended school zoning laws. Under the new law: <ul style="list-style-type: none"> • Secretary for Education (Secretary) determined process for preparing an enrolment scheme • Content of enrolment scheme was set out in legislation • Secretary approved enrolment scheme • Students had right to attend their local school, with 'excess' students balloted
1991-1998	School zoning abolished. Under the new law: <ul style="list-style-type: none"> • School determined process for preparing an enrolment scheme • School determined content of enrolment scheme • School approved enrolment scheme, but Secretary had to agree there was a problem of overcrowding • No absolute right to attend the local school
1998-2000	School zoning rules amended. Under the new law: <ul style="list-style-type: none"> • School determined process for preparing an enrolment scheme, but the Secretary issued guidelines. Statutory requirement for schools to consult • School determined content of enrolment scheme • School and Secretary approved enrolment scheme • No absolute right to attend the local school
2000-2001	School zoning rules amended. Under new law: <ul style="list-style-type: none"> • Statutory requirements and Secretary determine process for preparing an enrolment scheme • Legislation specifies content of enrolment scheme – no discretion for schools • Secretary approves an enrolment scheme and a board must also approve the scheme. Secretary may direct a school to amend an enrolment scheme • Right to attend local school re-introduced and 'excess' students balloted • Enrolment could be annulled if based on false information – took effect at end of year
2001-Current	School zoning rules amended. Under new law: <ul style="list-style-type: none"> • Legislation from 2000 retained in most respects • Introduced shorter time period for enrolment annulment (1 month) and schools given power to review students' home zone eligibility

In general terms, recent changes to enrolment scheme legislation have been in the direction of reducing schools' discretion in determining both the content of, and process for setting, enrolment schemes, increasing the role

of the Secretary for Education in the enrolment scheme process and increasing the right of students to attend a 'local' school.

The Extent of Zoning

The number of schools with enrolment schemes has increased in recent years. Between 2000 (when the last major change was made to enrolment scheme provisions) and 2004, the number of schools with enrolment schemes grew from 320 to 474, while the proportion of state and integrated schools with such schemes increased from 12.8 percent to 18.7 percent.¹

Enrolment schemes are much more an Auckland phenomenon, with 36.6 percent of schools having an enrolment scheme in place. At the same time, other regions such as Nelson/Marlborough/Tasman (20 percent), Canterbury (18 percent), Hawkes Bay (17.5 percent) and Wellington (17.1 percent) all had significant proportions of schools with enrolment schemes in 2003. After falling in the late 1990s, the number of schools with enrolment schemes increased in several regions between 2002 and 2003, going from:

- 3.8 percent to 20 percent in Nelson/Marlborough/Tasman;
- 4 percent to 17.5 percent in Hawkes Bay;
- 1.9 percent to 10.8 percent in Southland;
- 5.3 percent to 14 percent in the Bay of Plenty; and
- 9.8 percent to 17.1 percent in Wellington.²

In contrast, the proportion of schools with enrolment schemes in Auckland has fallen in recent years. It fell from 42.3 percent to 36.6 percent between 2002 and 2003.

These figures actually understate the existence of enrolment schemes because they look only at the proportion of *schools* with such schemes. If instead you look at a more appropriate measure – the proportion of *students* in schools with enrolment schemes – you find that, based on July

¹ English, Hon Bill (2004) *Schools with zones increase by almost 50%*, Press release, 26 October 2004.

² Ministry of Education (2004) *New Zealand Schools*, Wellington, p 72 and Ministry of Education (2003) *New Zealand Schools*, Wellington, p 73.

2004 enrolment figures, over 40 percent of state sector students are in schools with enrolment schemes (versus 19.8 percent of schools). In Auckland, this figure is over 60 percent, while in Wellington, it is almost 44 percent.

School enrolment schemes are more prevalent at the secondary level in the state sector. For New Zealand as a whole, almost 50 percent of secondary students in the state sector are in schools with enrolment schemes. For Wellington, this figure is almost 70 percent.

In other words, when measured correctly, we can see that enrolment schemes are far more prevalent than is commonly thought.

School Zoning and School Choice

The abolition of school zoning is one way of providing families with increased choice in schooling. School choice policies typically encompass a range of programmes, whose names and design vary depending on the country. Other examples of policies aimed at increased parental choice in education include specialist schools in the United Kingdom, charter schools in the United States, tax credits, scholarships and school vouchers.

The abolition of zoning is at the minimalist end of the school choice spectrum – it is best described as a form of ‘school choice lite’ if you will. This is true because it only involves an expansion of choice within the public sector. Don’t get me wrong, an expansion of choice in the public school sector is desirable in and of itself. However, I believe we should aspire to much more far-reaching reforms that would provide families with choice across both the public and private sectors. Under such a system, similar students would be funded at similar levels no matter what type of registered school they attended – whether it was public, private for-profit, private not-for-profit, religious or community-based.

We do not have such a system now in the New Zealand school sector, although independent schools and integrated schools do receive taxpayer funding (much higher in the case of integrated schools). The design of the current funding and regulatory framework in New Zealand is not based on

sound policy principles. Rather, it is a hodge-podge, with different types of schools (public, independent, Kura Kaupapa Maori, integrated, designated character, special character) having different funding entitlements and different regulatory responsibilities.

While a move toward a voucher-type system would be portrayed as 'radical' by some, it is not. Integrated schools, which make up around 10 percent of enrolments in New Zealand, are funded very much along voucher lines. In addition, the elements of a voucher system have existed and largely continue to exist in both the early childhood and tertiary education sectors in New Zealand – although in both cases these systems are threatened by a lethal public policy cocktail of government ideology and union leadership self-interest.

Were New Zealand to move toward a funding model that treated all schools alike, it would not be alone. Indeed, jurisdictions as diverse as Ireland, the Netherlands, Sweden, Chile, Denmark and the Province of Ontario (Canada) all operate what are, in many respects, voucher schemes. Other countries, including Australia and the Province of Quebec (Canada) provide subsidies to students attending private schools.

Several arguments have typically been raised against giving families more choice in schooling. Let me address a few of these. First, opponents of choice argue that a 'market' system leads to polarisation of the student body along income or ethnic lines. A corollary to this is that, in the absence of school zoning, popular schools will 'cream' the top students and leave the rest for other schools.

Neither of these is as straightforward as choice opponents believe. Indeed, it is just as, or more, likely that polarisation will be lower under a system of parental choice – especially if parents are able to access taxpayer funding for either public or private schools. Any system for 'rationing' excess demand – whether centrally determined zones or selection by schools – will have some drawbacks.

More rigid zoning laws that limit choice in schooling do not remove 'selection' from the school system, as is sometimes argued by proponents

of zoning. It simply changes the mechanism used to do it. While it may be true that, under the current enrolment scheme provisions in New Zealand, schools can no longer select students, selection still occurs because access to a particular school is linked to where students live. Under a system of zoning, unless you can afford to buy a house in a 'desirable' school's zone, the chances of attending that school are slim – and certainly slimmer than under the more flexible system that existed in the 1990s. In other words, the system becomes one of selection by mortgage.

This is especially true given that the effect of imposing school zoning is to drive up the price of houses in 'popular' school zones. There is much anecdotal and some research evidence that this has been the case in New Zealand.³ One recent study showed that home buyers paid a premium of around \$20,000 to own a home in the Burnside High School zone in Christchurch, \$70,000 in the Christchurch Boys' High School zone and over \$130,000 in the Christchurch Girls' High School zone.⁴

Research carried out by the Smithfield Project showed that schools became less, not more polarised, in terms of incomes, after zoning was removed in the early 1990s in New Zealand.⁵

Second, opponents of school choice often argue that school policies such as vouchers and private school subsidies would benefit primarily the rich. This is not correct. It is likely to be disadvantaged groups who benefit the most from increased choice because the 'rich' already have choice. They are much better placed than the poor to buy houses in areas with well-performing state schools and are also better placed to afford to send their children to independent schools.

Research carried out by the Smithfield Project in New Zealand showed that the biggest beneficiaries of the removal of zoning in the early 1990s were Maori and Pacific families. That research showed that Maori and Pacific families, not Pakeha, were the ones who responded the most to the

³ Scaife, Annabel (2003) 'Popular schools fuel surge in house demand', *Central Leader*, 19 March 2003.

⁴ McClay, Scott and Robin Harrison (2003) *The Impact of School Zoning on Residential House Prices in Christchurch*, Paper presented at 2003 Meetings of the New Zealand Association of Economists, pp 19-21.

removal of zoning. Both of these groups were more likely than Pakeha to attend out of zone schools after zoning was removed.

The 'privileged nature' of school choice under zoning was noted in the Smithfield Project's First Report, which argued that:

It can now be seen that it was mainly the well-off who managed to send their children to other than local schools under zoning.⁶

In the United States, most of the school choice programmes introduced have been targeted specifically at low-income students, not the 'rich'. Studies have shown that the beneficiaries of 'voucher' programmes in Milwaukee and Cleveland had lower incomes and were headed more frequently by single parents than other families. In addition, companies such as Edison Schools (a for-profit company) actually target schools in poor areas.

Third, opponents of school choice argue that it is better to improve the education of all children, rather than simply allow some students to escape under-performing schools. This argument ignores the positive effect that choice and competition can play in driving improved school performance. The ability of parents to vote with their feet, along with the creation of the Education Review Office, doubtless played a key role in forcing the government and Ministry of Education to address the problem of school under-performance in South Auckland in the mid-1990s.

There is a lively (and increasingly empirical) debate over the impact of school choice on education outcomes – like student achievement or test scores. The answers are hardly clear and much work remains to be done. However, evidence suggests that choice and competition in education can be expected to have a number of benefits, including improved quality, lower costs and increased innovation. A number of US studies by researchers at Harvard University and the Brookings Institution, and elsewhere, have found that choice and competition in education lead to increased

⁵ Lauder, Hugh et al (1994) *The Creation of Market Competition for Education in New Zealand*, The Smithfield Project, First Report to the Ministry of Education, March, p 27.

⁶ *Ibid.*

educational achievement per dollar spent and better performance in terms of educational attainment, graduation rates, test scores and student wages. And studies show that the gains from competition are not restricted to those who attend private schools.

This view also ignores the fact that not all schools are equal – despite billions of dollars of spending, and the hundreds of initiatives aimed at lifting educational achievement. A recent survey by the New Zealand Council for Educational Research showed that low-decile schools offered a very different learning experience than did high-decile schools. According to the survey, parents of students in low-decile schools were more likely to want more challenging learning for their children and were unable to send their children to their school of first choice. In addition, low-decile schools reported greater difficulty in hiring suitably qualified teachers.⁷ Attempts to improve non-performing schools are limited by policies such as a one size fits all school governance structure and a national teacher pay system, both of which favour well-to-do schools over those in disadvantaged areas.

In the end, neither zoning nor school choice will deliver a perfect system. They are imperfect alternatives. However, zoning can improve access to better schooling for disadvantaged groups by breaking the link between schooling access and residence. Some may lose as a result of the abolition of school zoning – for example those students 'left behind' when the Berlin Wall of school zoning is removed. This may happen because of the influence of peer groups on student performance. On the other hand, some students – those who leave to go to other schools – may ultimately be better off. Which of these effects dominates is ultimately an empirical question.

While some have criticised the abolition of strict zoning and the introduction of a 'competitive' model of schooling in the late 1980s and early 1990s, the fact is that many of the alleged weaknesses in the model were not criticisms of school choice, but rather about other elements of the New Zealand policy environment, including the reluctance to close failing

⁷ New Zealand Press Association (2004) 'Lower decile schools lag in many areas', *New Zealand Herald*, 29 November 2004.

schools, the one-size-fits-all governance structure, and limits on the supply of schools.⁸

So what should be done?

In mid-2004, Opposition Party spokesperson the Hon Bill English talked of easing school zones, but not scrapping them altogether.⁹ This was portrayed as a softening of an apparent earlier pledge at the party national conference to abolish zoning. I don't know where the National Party stands on school zoning, but I am not sure there is a distinction between the two.

The reality is that, in practice, there is likely to be a need for some form of zoning or enrolment scheme policy because of changes in the network of schools cannot always anticipate changes in population and student numbers at a school or regional level. Even in the days of dezoning – from 1991 to 1998 – zoning was not abolished. It continued to exist, but its design was quite different from the zoning schemes that came before it and after it.

It is therefore perhaps less useful to think about abolishing zoning and more useful to think instead about how the current system should be redesigned. The system in place now is flawed in many respects, in particular the fact that it provides guaranteed access to a particular school for those in zone and much of the discretion and flexibility in the scheme has been removed. Of course, what I see as weaknesses, proponents of zoning see as strengths.

In my view, the much more flexible zoning system that was in place from 1991 to 1998 had much to commend it and provides a useful model for redesign. Three key aspects appeal. First, it provided greater flexibility to allow local 'realities' to be taken into account. Second, it put the onus on schools to coordinate amongst themselves and work through boundary and other issues. Finally, it did not provide guaranteed access to those living in the school zone. At the same time, I believe that the 'centre' can play an important role in approving the setting up of an enrolment scheme,

⁸ Fiske, Edward B and Helen Ladd (2000) *When Schools Compete: A Cautionary Tale*, Brookings Institution, Washington DC, pp 288-303.

⁹ Tunnah, Helen (2004) 'School zones may stay under National', *New Zealand Herald*, 14 July 2004.

determining the overall process for the setting of enrolment schemes and requiring schools to consult with their communities. Providing the 'centre' with a residual authority to resolve disputes among schools or between schools and parents could help to alleviate concerns about such a flexible system. In addition, if there are concerns about cream-skimming, the government could require that a fixed proportion of the student intake to be from low-decile areas.

While the detail of enrolment schemes is critical, it is also important to highlight a few broader issues.

First, enrolment schemes should be only one part – and a small part at that – of the mechanism used to allocate students to schools. They should represent only a 'back-up' student allocation mechanism. To the greatest extent possible, student allocation decisions should be made by families and schools.

Second, a critical part of ensuring that enrolment schemes play only a small role in the allocation of students to schools is for government policy to open up the supply side of the education 'market'. This would include:

- ensuring there are no artificial caps placed on enrolments at popular state schools (ie fully financing school property to accommodate growth);
- allowing non-performing schools to be taken over by successful schools;
- closing unpopular schools and allowing other schools to establish themselves on that site (whether they be new schools or an expansion of existing ones);
- removing caps on integrated school enrolments;
- allowing 'specialist' schools to be established; and
- providing better information to parents to facilitate more informed decision-making in education, including improved Education Review

Office reports and better performance measures (eg. some form of national testing).

The failure to open up the supply side of the education market was a key weakness of the Tomorrow's Schools and subsequent reforms of the late 1980s and much of the 1990s. The centre retained control over virtually all supply side decisions in the public school sector, including the creation of new schools and the expansion or restructuring of existing ones.

In many cases, the tools were there to allow for more diversity in the provision of schooling but they went un-used. For example, the *Tomorrow's Schools* reforms provided an avenue for the creation of designated character schools (so-called section 156 schools). Although the legislative requirements to establish such schools are not onerous, the first one was not approved by the Minister of Education until 1999 – fully 10 years after the legislation came into effect. Even now, there are only a small number of such schools.

The absence of a flexible supply side resulted in persistent queues for entry to 'popular' schools and led critics to argue that the 'competitive' model of schooling provided schools, rather than parents, with choice. School choice policies are a demand side reform and must be accompanied by the freeing up of the supply side if they are to succeed.

While policies such as allowing school 'take-overs' are often derided as pie-in-the-sky by opponents, they are anything but. For example, local education authorities and charter schools in the United States contract directly with Edison Schools and other not-for-profit and for-profit companies to operate schools in disadvantaged areas. Similarly, various groups compete to operate either newly established or 'conversion' charter schools (the latter are schools that are converted to charter status because of underperformance).¹⁰

Third, an important part of reducing the importance of enrolment scheme policy is to put in place policies to level the competitive playing field for

¹⁰ Yettick, Holly (2004) 'Nonprofit will run Cole', *Rocky Mountain News*, 23 November and Moore, Lynn (2004) '2 school groups hope to land state charter', *Muskegon Chronicle*, 8 December 2004. .

schools in disadvantaged communities. These could include expanding the recently introduced results-oriented component of the school funding system, expanding the use of alternative school governance structures and abolishing the one-size-fits-all teacher pay system. The latter change is critical given the importance of teachers to good school outcomes.

Finally, it is worth emphasising the point made earlier that we should be aspiring for much more than simply the abolition of zoning. The key to introducing real choice and competition in education is to move to a school funding system that funds similar students in a similar manner, irrespective of whether they attend a public or private school.

Conclusion

Choice matters. There is a demand for it. Catholic and other integrated schools are expanding, new ones have been built, and many have waiting lists of supply. In countries with tight zoning laws, families make decisions about where to live based on the quality of school. They live in areas with poor schools while they are childless and shift to areas with better schools when their children are off to school. Stories abound of people lining up to get into schools of choice. In New Zealand, newspapers have carried a number of stories of parents going to great lengths – including lying – to get into ‘popular’ school zones.

School choice is not perfect. Abolishing zoning will not be a panacea. But then neither is school zoning. We need to recognise that they are both imperfect alternatives. In my view, the costs of zoning are greater than its benefits. The changes to zoning laws in the mid 1990s under National and later under Labour had no policy basis. It is time to review them. But we must also remember that to some degree zoning is a side show. The wider issues of increased choice and a flexible supply side are much more important if we are to gain lasting gains in education.