

The Effect of the Increasing Demand for Elite Schools on Stratification

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- Higher demand for elite schools pushes up academic selectivity. And raises concerns about stratification and social mobility
 - Because structural correlation between family income and: ability (at school entry) and schooling demand

This paper:

- Documents a case in which, contrary to prevailing concerns, increasing school stratification by ability co-existed with stable stratification by family income
- Develops a model that shows that the effect of an overall increase in the demand for elite schools on stratification by family income is a horse race between:
 - the correlations of family income and ability, and family income and demand
- Empirical analysis reveals an initial (and decreasing) demand gap by family income that explains the observed stability in stratification

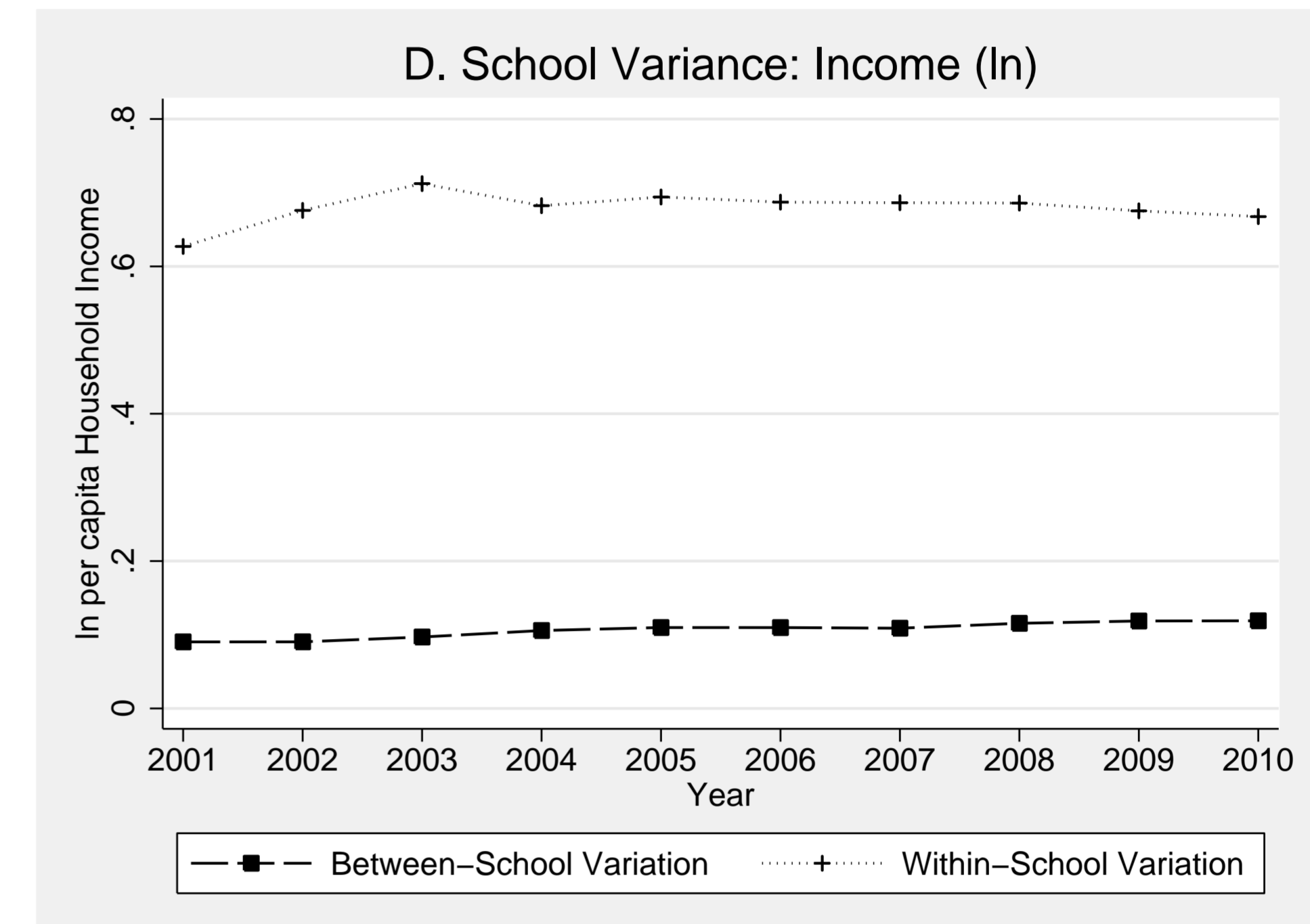
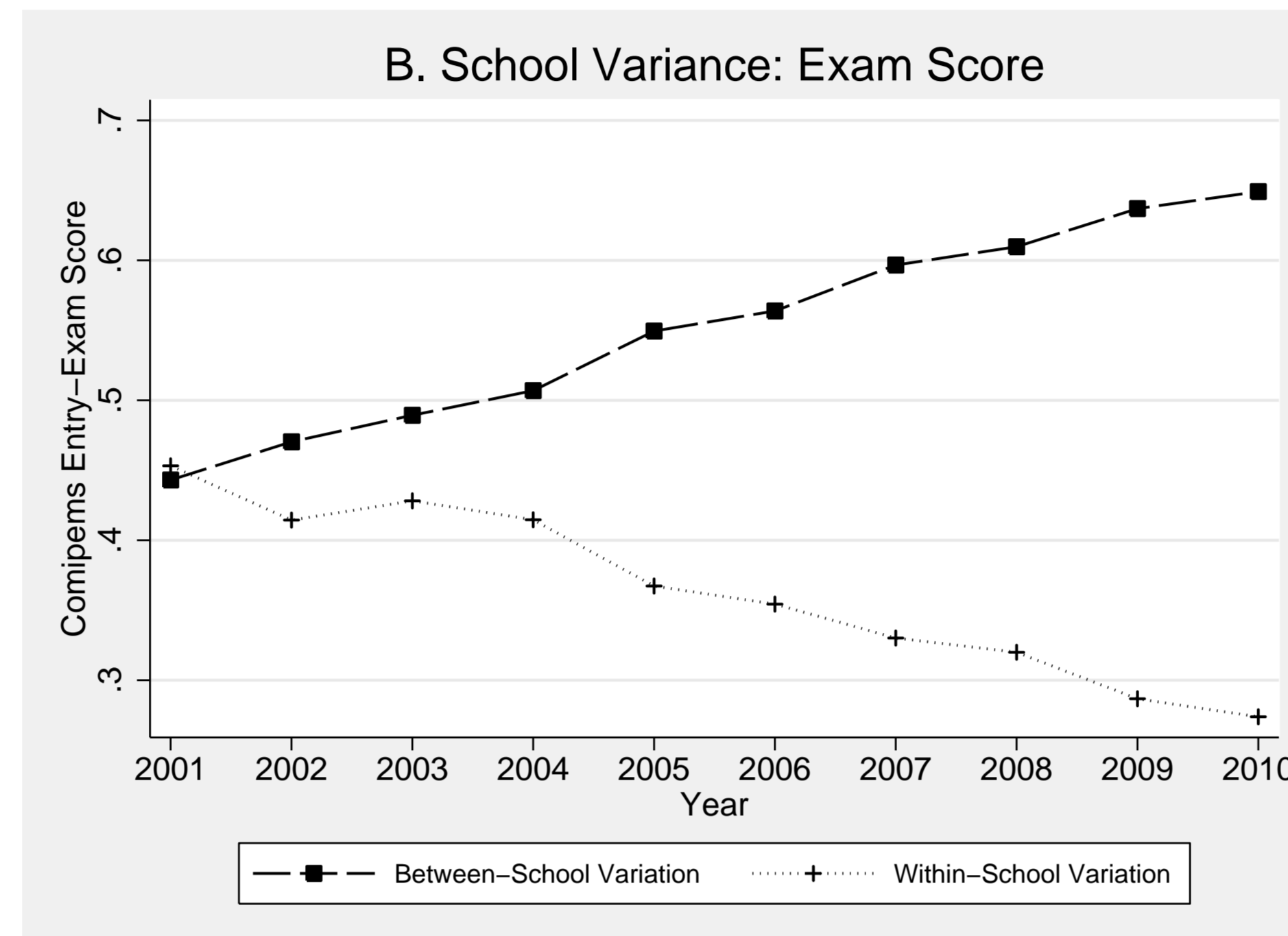
School Stratification in Mexico City Public High Schools

Stylized facts (2001-2010):

- Increasing stratification by ability, and
- Stable stratification by family income

Mexico City High Schools

- Centralized system
- Admissions based on demand and ability
 - Serial dictatorship algorithm
- Two elite school systems stand out
 - Higher inputs and demand
 - And increasing demand during period



School Stratification by Family Income

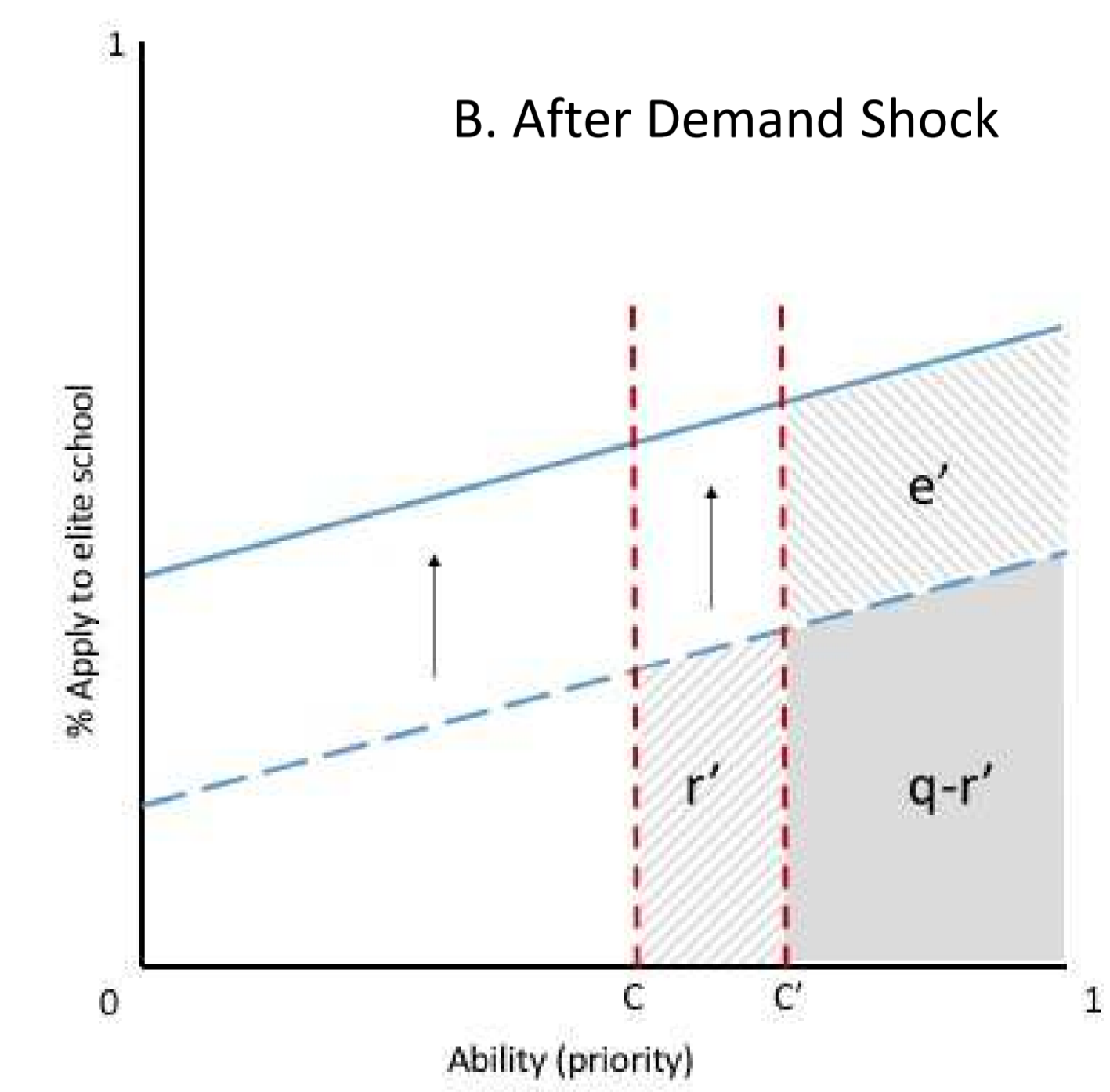
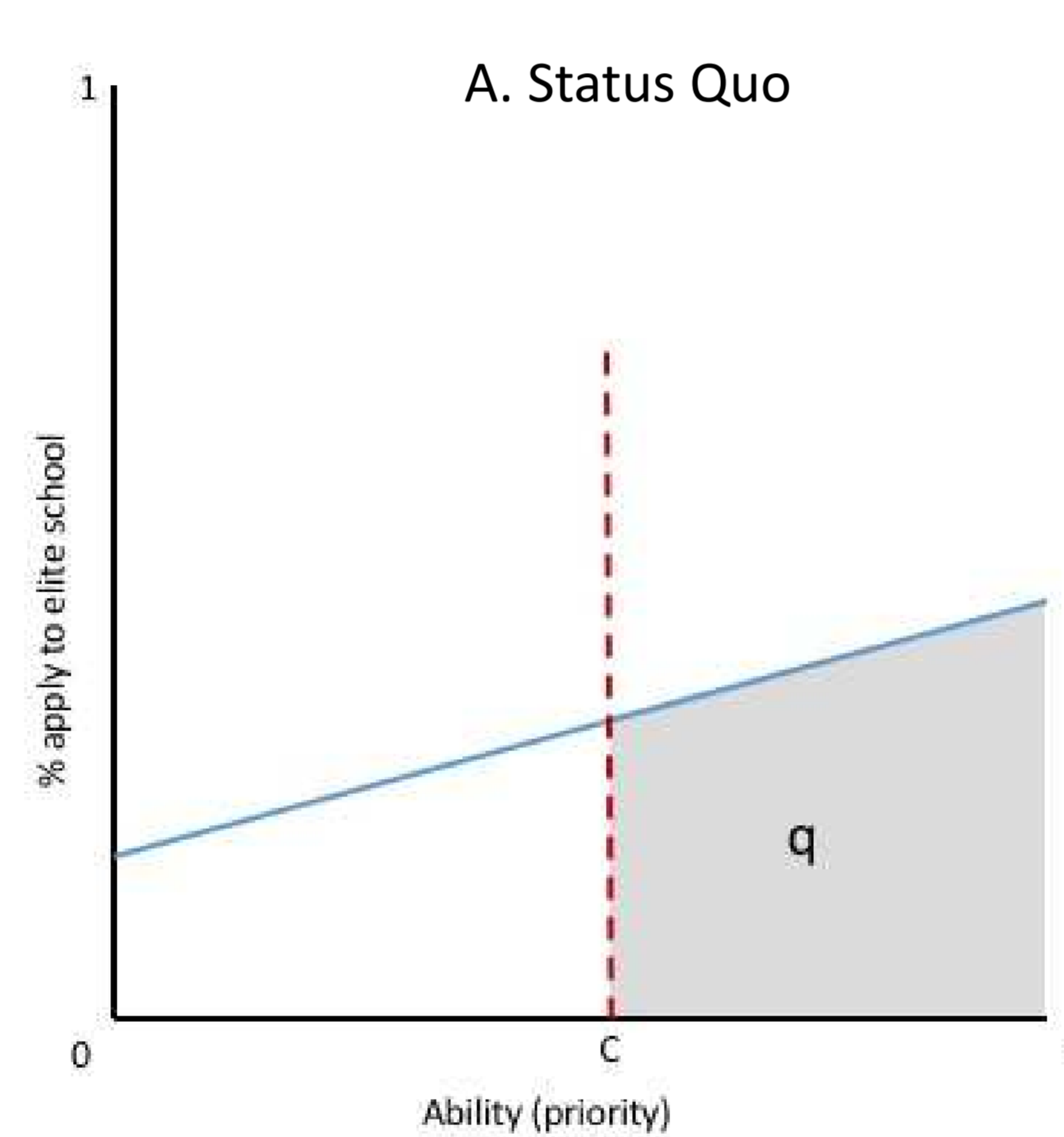
See model in paper

Toy (illustrative) model:

- Students apply to elite school (with q seats)
 - or stay at neighborhood school.
- Admissions (to elite school) based on ability.
- Assume positive correlation between:
 - Ability (a) and family income (m)
 - Demand for elite school and family income

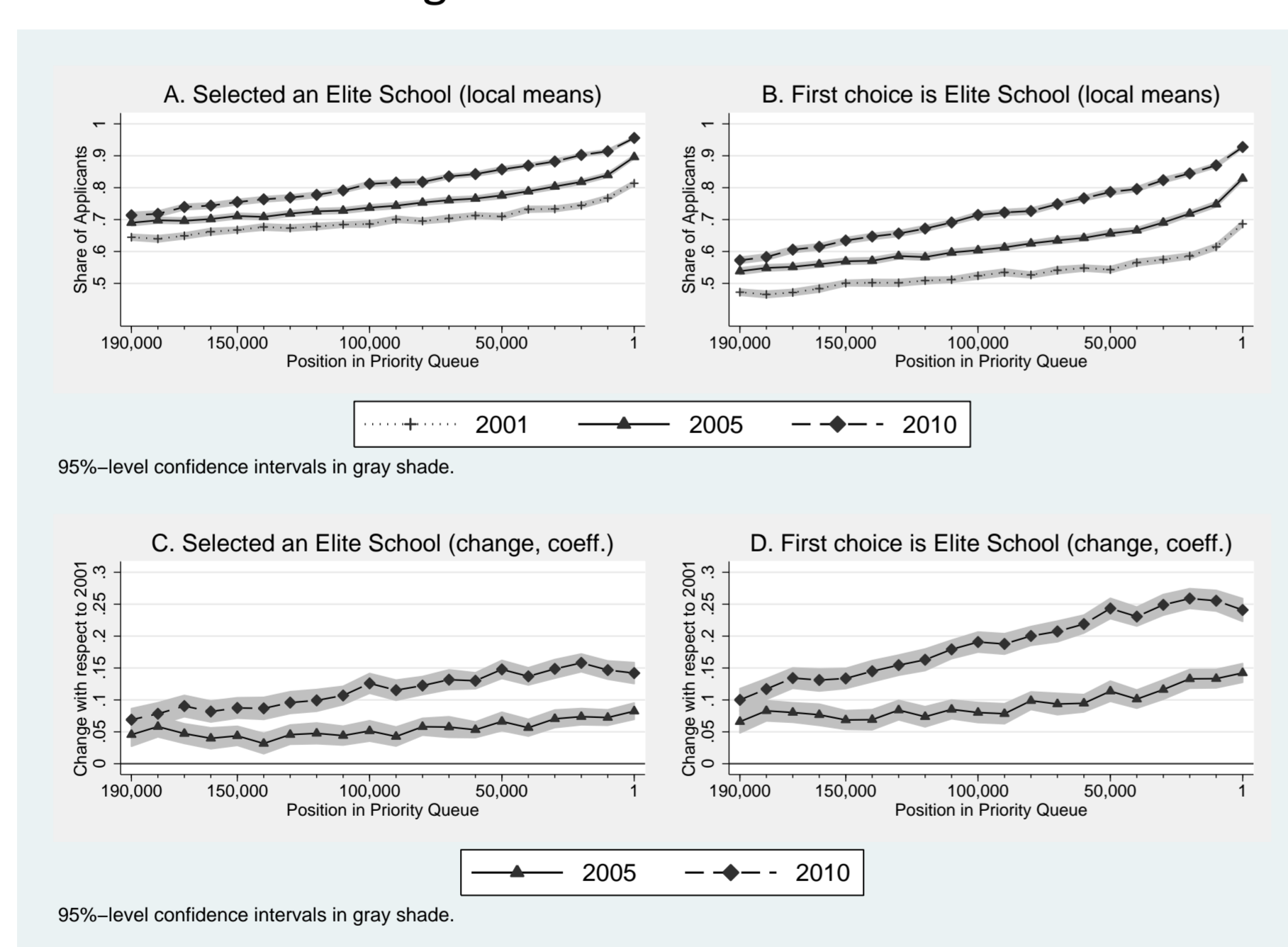
(exogenous) Demand shock

- Applications to elite schools go up
 - Area under blue demand curve
- Change in stratification by family income depends on expected income of students in e' vs. r'

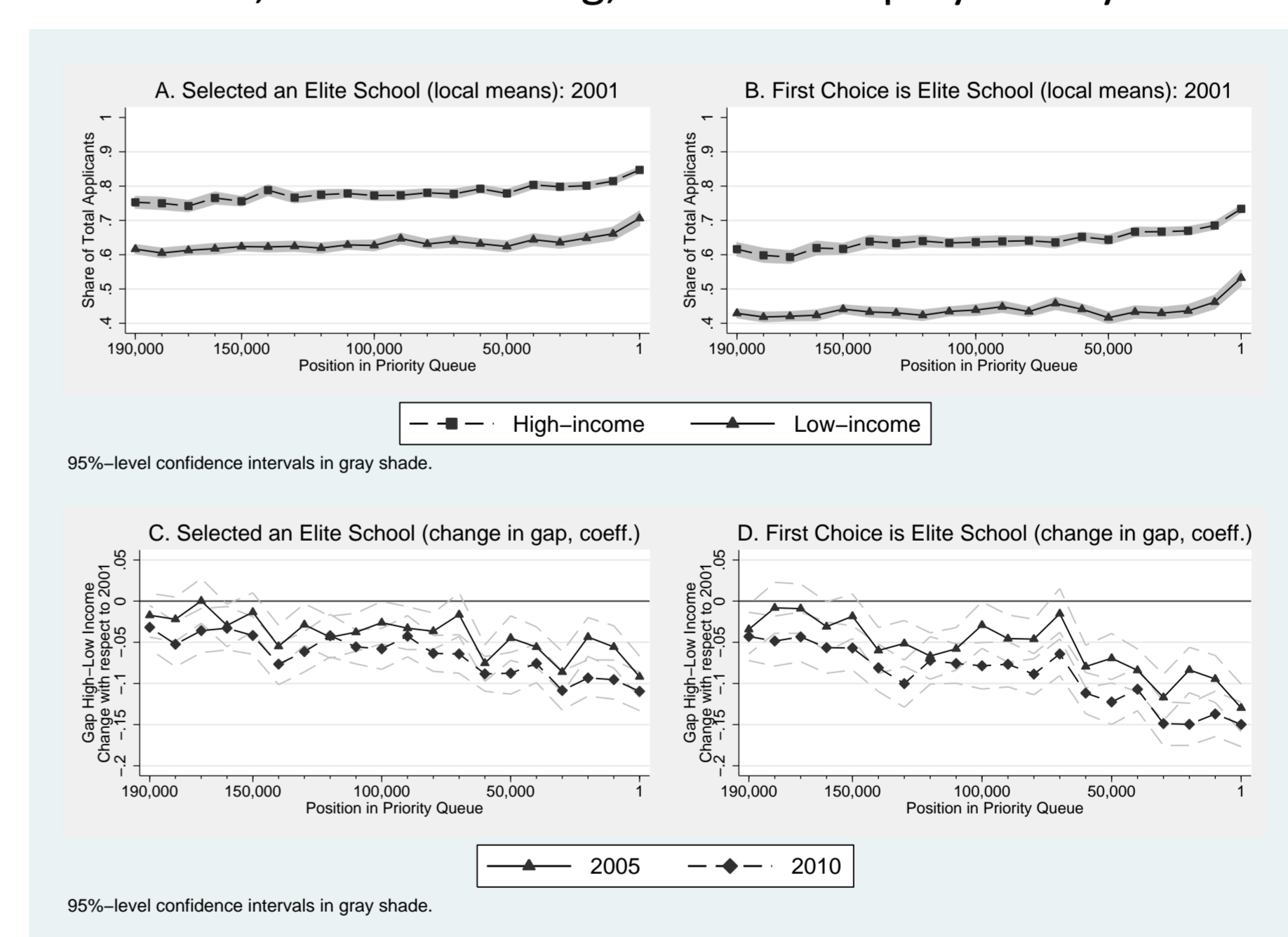


Empirical Analysis: Demand and Admission Outcomes

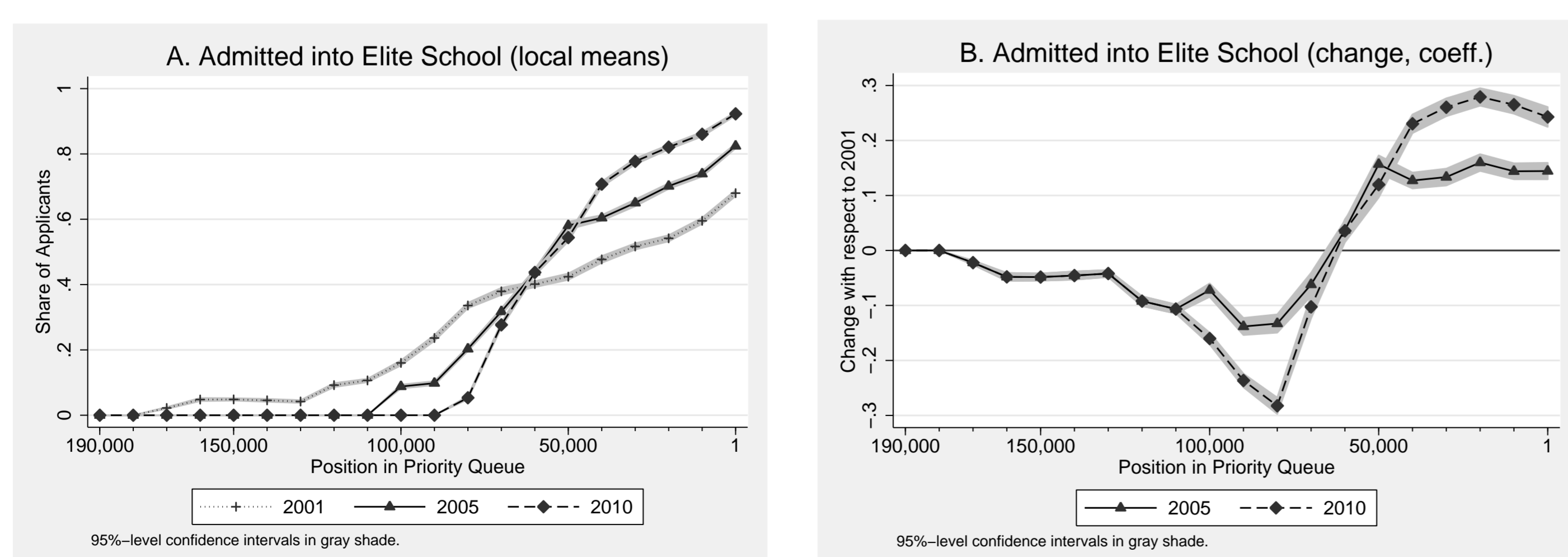
Increasing Demand for Elite Schools



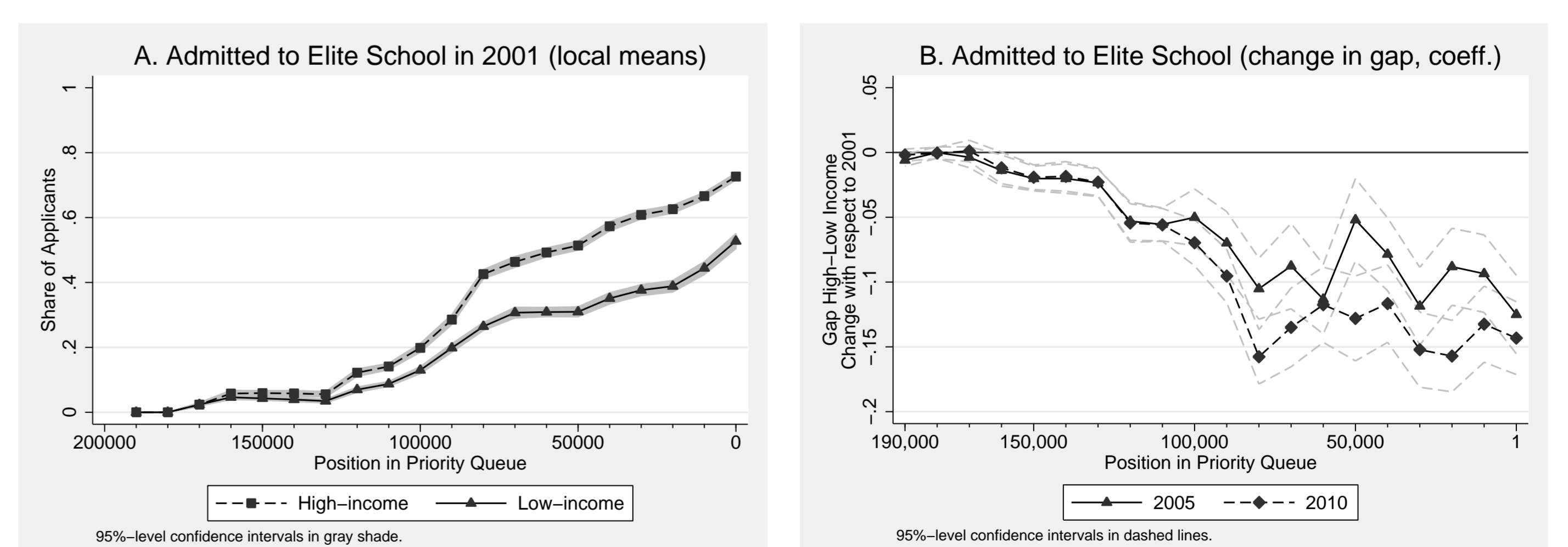
Initial, and Decreasing, Demand Gap by Family Income



Admission to Elite Schools: Increasing for High-Ability, Decreasing for Mid-Ability



Initial and Decreasing Admission Gap by Family Income



Data

- Micro-data from Compems admission system.
- Detailed information on:
 - Applications.
 - Assignment.
 - Student characteristics.
- Full data for 2001-2010 period.

Identification of Demand Effects

- Admission to elite schools depends on:
 - Elite school capacity - **fixed** during the period.
 - Student position in the queue (test scores) - **(I) fixed**.
 - and choices (e.g. demand).
- Hence: all changes in admission outcomes must come from changes in demand.