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

**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 standout
- Higher inputs and demand
- And increasing demand during period

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**

**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.

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