

Institute for  
Fiscal Studies

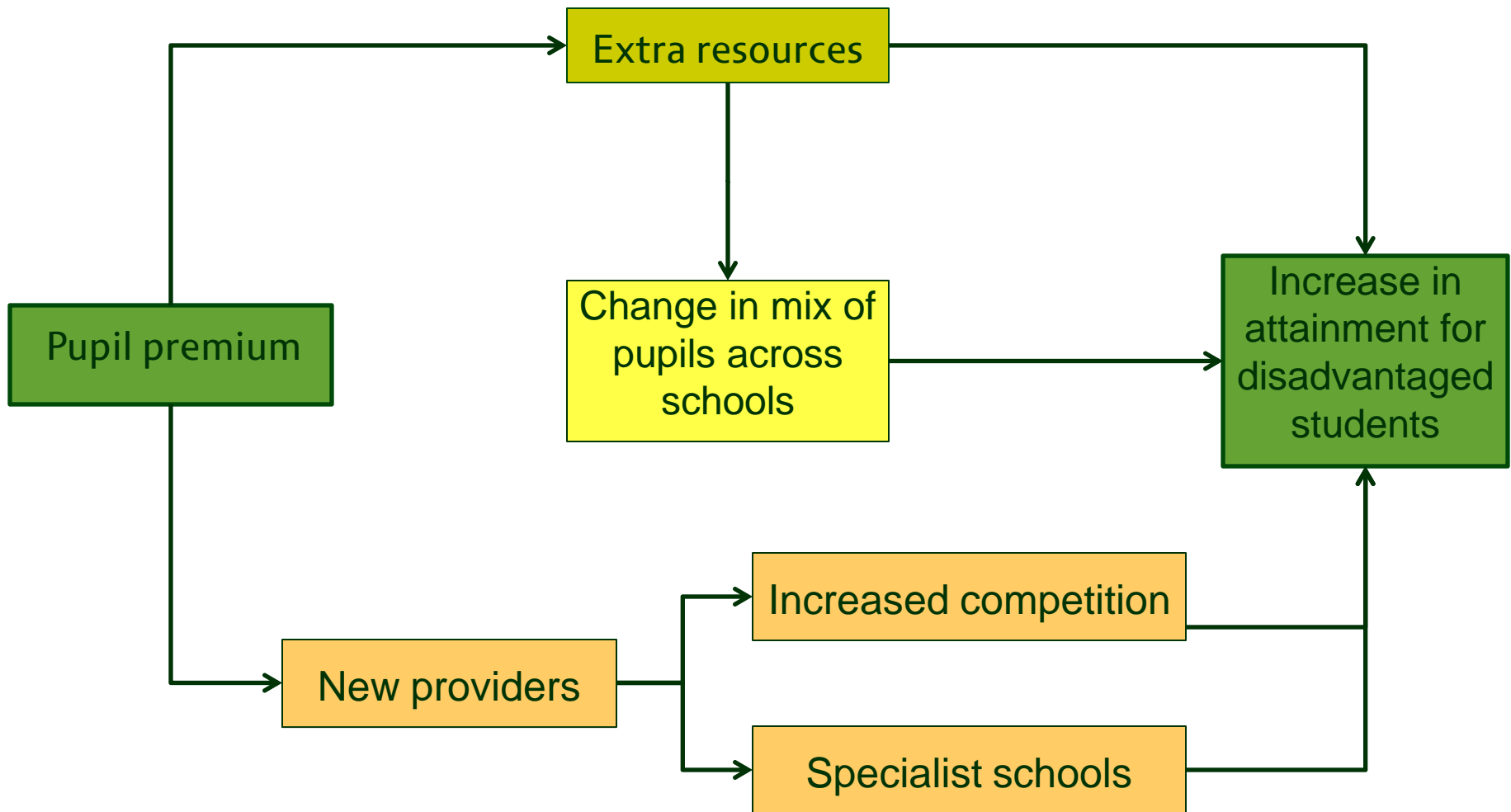
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## The pupil premium: assessing the options

Theory and Empirical Evidence

Ellen Greaves, March 2<sup>nd</sup> 2010.

# Possible mechanisms for reducing the attainment gap



# Direct effect of extra resources?

- US
  - Hanushek (1997) summarises conventional wisdom
  - “there is not a strong or consistent relationship between student performance and school resources.”
  - Questioned by others
- International evidence
  - Little correlation between spending and attainment (OECD)
- UK
  - Some small but positive effects found for children going through school in 1970s
  - Other recent research finds small, positive effects of increasing resources
  - No clear differential effect for advantaged or disadvantaged pupils

# Positive peer effects from a new school mix?

- Schools in England are segregated by income and ability
- School composition matters
- Why are schools segregated?
  - Mostly residential segregation and catchment areas
  - Selection by parents?
  - Selection by schools?
- Impact of the pupil premium?
  - Change the supply side – what pupils would schools prefer?
  - Change the demand side – what schools would parents prefer?

# A new school mix? The supply side

- Would schools respond to financial incentives?
  - Schools don't behave like firms
  - But they do need extra resources to teach “hard-to-teach” pupils
  - Evidence from SEN premium (West et al, 2006)
- Perhaps better to think about *reducing the disincentive to attract disadvantaged pupils*
- Can schools choose their pupils?
  - Schools aren't meant to “cream-skim” pupils
  - Schools Admissions Code prohibits covert selection
  - But some evidence they do in the current system (West et al, 2006; Allen and West, 2009)

# A new school mix? The demand side

- Do parents want high academic standards?
  - House price premium around “good” schools (Gibbons and Machin, 2001; Black, 1999)
  - Less incentive to pay this premium if the pupil premium raises attainment in other schools
- Do parents want a “good” peer group?
  - Burgess et al (2009); Rothstein (2006); Schneider and Buckley (2002)
  - Effective resources per pupil?
  - Or “People like me”?

# A new supply of schools

- Context: Conservative proposals for new schools
- Pupil premium interacts with this policy
  - Clearer funding system
  - Increase in resources available in disadvantaged areas
- Would new schools be set up?
  - Chile , some states in the US, Sweden
- Do new schools need the profit incentive?
  - Kunskapsskolan – largest provider of “free” schools
    - “The company would not have existed were it not for investors”
  - Large number of non-profit and “non-market oriented” charter schools in the US
  - Much interest in proposals in the UK

# A new supply of schools - benefits

- Competition
  - A “tide that lifts all boats”?
  - Strongly debated
- Specialist schools serving disadvantaged pupils
  - KIPP schools in 19 US states; Green dot schools in LA
  - Some evidence of positive results



# A new supply of schools - disadvantages

- Selection by new schools?
  - Some charter schools “crop” their intake, avoiding hard-to-teach pupils (Lacireno-Paquet et al, 2009)
- Increase in segregation?
  - Chile - “massive exodus” of parents of high socio-economic parents from state schools (Hsieh and Urquiola, 2002)
  - UK - past reforms have led to no change in the level of segregation in schools (Gorard et al, 2002; Allen and Vignoles, 2006)
- Segregation may not increase the attainment gap when there is extra funding for poorer pupils

# Summary of empirical evidence

- Direct effect of increasing resources
  - Evidence of small, positive effect
  - Reduce the attainment gap to some extent
  - How can/will extra resources be used?
- Indirect effect of peer groups
  - Parents may have less incentive to pay a house price premium, but probably still care about peers “like me”
  - Likely that schools have little scope to change their intake, but it may reduce the disincentive for taking disadvantaged pupils
- Indirect effect of increased supply
  - Likely that more schools will be set up
  - Could increase competition
  - More schools in disadvantaged areas (possibility for specialist schools)