

The roles of information, preferences, and the demand for value added in schools: an experiment and thoughts on a follow up

Abstract:

Administrative data reveal that Romanian households could choose schools with 1 s.d. worth of additional value added. Why do households leave value added “on the table”? We study two possibilities: households may lack information about value added, or they may have preferences for other school traits. First, we elicit households’ beliefs about the value added of the schools in their town. These beliefs explain less than one fifth of the variation in measured value added. We then inform randomly selected households about schools’ value added. This improves the accuracy of their beliefs and leads them to choose higher value added schools. The effect is stronger for low-achieving students and for students not admitted to their top two choices. Finally, we use a discrete choice model to estimate households’ preferences for school attributes (as they perceive them). Households have strong preferences for peer quality and curriculum in addition to value added. Thus, households would not “max out” on value added even under perfect information: this only eliminates one quarter of the value added households leave unexploited. We discuss ideas for follow up fieldwork as experimental subjects exit high school.

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