

Double the Number: High School Crowding and Schooling Outcomes*

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Abstract

Increased cohort size of labor supply entrants relative to labor demand generally results in adverse outcomes. Little is known, however, about the impact of an increased cohort size of entrants relative to education supply despite the close link between these markets. This is primarily because significant year-on-year changes in relative cohort size in education markets are rare. This paper shows its impact on performance and the college market by examining two reforms in Ghana that resulted in a significant increase in the 2013 high school graduating class. Using data on all high school graduates and application data from a large public university, I combine a cohort analysis and a regression discontinuity design leveraging a compulsory schooling law to isolate causal effects. I find a notable fall in performance at the end of high school, and a 135% increase in cohort size results in a less than proportionate rise of 56% in total demand for college. Prospective applicants are less likely to apply immediately, and this persists over two years, suggesting forgoing college and not a postponement. Furthermore, applicants are less likely to apply to selective programs, pointing to an overall objective of maximizing admission chances. Colleges face a supply constraint and cannot absorb the increased demand, as indicated by at least a 20pp fall in admission chances. Females and students with lower socioeconomic status are not worse off.

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