



Note

School meal crowd out in the 1980s

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ABSTRACT

This paper explores whether the state provision of school meals in the 1980s crowded out private provision by examining two policy reforms that radically altered the UK school meal service. Both reforms effectively increased the cost of school meals for one group (the treated), leaving another unaffected (the controls). I find strong evidence of crowd out: the reforms reduced school meal take-up among the treated by 20–30 percentage points, with no difference among the controls. I then examine whether this affected children's body weights, using a large, unique, longitudinal dataset of primary school children from 1972 to 1994. The findings show no evidence of any effects on child body weight.

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1. Introduction

The 1906 Education Act introduced free school meals in England and Wales. It allowed Local Education Authorities (LEAs) to provide free meals to malnourished children, because they were deemed unable to benefit from the education provided. Furthermore, LEAs were allowed to provide meals to other children at a charge of no more than the cost of the meal (Passmore and Harris, 2004). Several studies have since linked poor nutrition with poor cognitive performance (see e.g. Pollitt et al., 1998; Belot and James, 2011).

After the Second World War, the UK school meal service changed from one designed to benefit children's education, to a general service of lunchtime meals. Most of the daily nutritional requirements had to be met by the school meal, because food was still rationed. LEAs were obliged to provide free school meals to children in low-income families, whereas others were offered meals at a fixed price, set by the government. With the election of the Conservative administration in 1979, however, the government attitude to the service shifted. It was viewed as too expensive and the government wanted to introduce more choice and parental responsibility. Two reforms were introduced, which radically altered the school meal service. Both reforms effectively

increased the price of school meals for one group (the treated), leaving another unaffected (the controls).

The aim of this study is to, first, explore the extent to which the state provision of school meals crowded out private provision. The analysis shows that both reforms caused a 20–30% point reduction in the take-up of school meals among the treated, with no difference among the controls. This drop was compensated by a similar increase in the consumption of packed and home lunches, providing unambiguous evidence of substantial household responses to changes in government policy.

The second aim of the study, therefore, is to examine whether this drop in take-up affected children's body weights, as proxied by their Body Mass Index (BMI, weight in kilograms divided by height in metres squared), underweight and overweight status, weight in kilograms, and tricep skinfold thickness. The results show no consistent evidence that the reforms resulted in changes in children's body weight.

I use a large, unique, longitudinal dataset of primary school children from 1972 to 1994, exploring the effects of the two reforms on school meal take-up, and on children's weights. Although these data are arguably not representative of today's society, it is a particularly interesting time period to study. First, it allows me to address the question of offsetting responses by households to government interventions in a unique setting. Much of the economics research in this area looks at health insurance reforms (e.g. Cutler and Gruber, 1996; Gruber and Simon, 2008), (un)employment policies

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(e.g. Cullen and Gruber, 2000), and charitable giving (e.g. Gruber and Hungerman, 2007), among others. Second, the data allow me to examine whether the drop in school meal take-up affected children's weights. The period studied is characterised by a move from a shortage to a surplus of foods and rising levels of childhood obesity. Hence, if any changes to the home and school food environment that were caused by these Acts contributed to the longer term trend of childhood obesity, the long time-series of these data should be able to detect this.¹ Third, as eligibility for free meals depends on whether the family received certain benefits, this is one of only few studies examining the effect of a *withdrawal* of benefits.² Note, however, that because the reforms affected individuals above the bottom of the income distribution, I cannot explore the effects of the Acts on the most disadvantaged children and those in poverty. With that, the data do not allow me to make any inferences about whether there exists some income threshold, above which there is no need for government intervention or food provision. Instead, the reforms and analyses shed light on two important issues. First, on the extent to which households respond to changes in government policy, and second, on the subsequent effects on child body weight.

2. Institutional details and hypotheses

2.1. School meal provision

The 1944 Education Act gave Local Education Authorities (LEAs) a statutory duty to provide lunches for all children, charging a fixed price; the eligibility for *free* lunches was determined through the receipt of certain benefits, although LEAs were allowed – at their discretion – to provide free meals to other low-income children. In 1979, meals were fixed at 35p per day. After the election of the Conservative administration in that year, the school meal service changed. Two Acts of Parliament were responsible for a substantial modification in school meal provision: the 1980 Education Act and the 1988 Local Government Act.

2.1.1. The 1980 Education Act

The 1980 Act ended the fixed pricing of school meals, abolished the minimum nutritional standards, and changed the statutory duty of LEAs to provide meals for all pupils. Although schools were still obliged to provide free lunches to those eligible for free meals, they could now set the price for all those not eligible. For primary schools – the focus in this study – this is the main effect of the Act: a price increase for those not eligible for free meals. Prices rose quickly after 1980; the most common price for a school meal in 1981 was 50p, though there was much variation ranging from 35p to 60p (Bissett and Coussins, 1982).

Eligibility was based on whether the family received certain types of benefits: Family Credit (FC) or Income Support (IS)³. LEAs were still allowed to provide free meals to children from other low-income families, though this only happened on a discretionary

basis. By 1983, 70–80% of free school meal children came from families receiving benefits; the others received them under the discretion granted to LEAs (DH, 1989). Thus, the treated in the 1980 reform are those not on benefits; the controls are those on FC or IS.

2.1.2. The 1988 Local Government Act

The 1988 Act reduced the eligibility for free lunches, introduced Compulsory Competitive Tendering (CCT), and withdrew LEA's rights to provide meals on a discretionary basis. The main effect for primary schools, however, was the tightening of eligibility rules: children in families receiving FC were no longer eligible for free meals. Instead, their benefit was increased by 44p per week by way of compensation (McMahon and Marsh, 1999).⁴ This meant that eligibility for free meals was now restricted to those on IS. Thus, the treated in the 1988 reform are those claiming FC; the controls are those on IS.

2.2. UK benefits: FC and IS

The two reforms described above are directly linked to the UK benefit system, in particular to FC and IS. Both these benefits are aimed at low-income households and act as a “passport” to other benefits, like free school meals and free prescriptions. The main difference is that FC is a *conditional* benefit, or an *income supplement*: it is only available to those in full-time employment. However, once FC is awarded, it is paid at the same rate for 12 months (6 months from 1988), regardless of any change in circumstances (Fry and Stark, 1993). In contrast, IS – the state “safety net” – is available to all those not in full-time employment. In addition, FC is only payable to families with children, whilst eligibility for IS is independent of having children in the household. The Appendix outlines any relevant changes to FC and IS for the time span used in the empirical analysis. This suggests that there were no other relevant changes that affected the treated differently from the controls.

3. Econometric framework

I start by directly examining the evidence on school meal crowd out. I then investigate whether there were any effects on children's weights, as measured by their BMI, underweight and overweight status, weight in kilograms, and triceps skinfold thickness. This allows me to explore the effect of the reforms on mean body weight, as well as any effects at the tails of the weight distribution. Children are defined as treated or control based on their *eligibility* for free school meals, derived from the family's benefit status. As not all eligible children actually consume free school meals, this is an Intention To Treat (ITT) analysis, examining the effects of withdrawing the entitlement to free lunches for some, but not all, children on their school meal take-up and body weight.

The identification strategy therefore relies on the exogenous price change in school meals caused by the Acts. The reforms are exogenous: first, they affect the take-up of school meals for the treated, but not the controls. Second, there is no evidence that the introduction of the reforms is related to children's nutritional status. Furthermore, they have been introduced in the whole country at the same time; there was no voluntary introduction. I use a difference-in-difference (DD) approach to account for fixed unobservable differences between the treated and controls. As the

¹ I am not aware of any other studies that explore the effect of the two reforms on child outcomes. Instead, most studies that examine the reforms compare characteristics of children who consume school, home, or packed lunches, where this choice of lunch is likely to be endogenous (see e.g. Rona et al., 1983; Rona and Chinn, 1989). Other studies that examine the relationship between school meals and children's excess body weight mainly use US data, with somewhat conflicting results (see e.g. Whitmore-Schanzenbach, 2005; Millimet et al., 2010; Bender, 2006; Bhattacharya et al., 2006).

² Most literature examines an *introduction* of benefits, see e.g. Currie and Moretti (2008), Hoynes and Whitmore-Schanzenbach (2009) and Almond et al. (2011).

³ In 1980, FC and IS were known as Family Income Supplement and Supplementary Benefits respectively. They were renamed in 1988. This study refers to the benefits using the names as they were known in 1988; i.e. FC and IS. The differences in eligibility rules between these two benefits will be discussed in more detail below.

⁴ CCT, whereby LEAs were forced to put school meal services out to tender and invite bids from a range of caterers, mainly affected the price and quality of meals in secondary schools. Primary schools generally kept their two-choice, two-course meal for the same price (Passmore and Harris, 2004).

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