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@TheIFS

# Lessons from a long run evaluation of the EMA

# What is the Education Maintenance Allowance (EMA)?



- A weekly payment for students from poorer households to stay in school
- Worth up to £30 per week (£1,400 per year).
- Uniquely, EMA payments conditioned on **attendance**
  - Aimed to address long-term problem of high 'NEET' rates
  - Also to boost engagement in education
- Scrapped in England in 2011 remains in place in rest of UK

## Data sources and outcomes

- LEO data – education choices, qualifications, earnings
- Ministry of Justice data – criminal convictions
- Focus on students eligible for Free School Meals – 99% eligible for full EMA award.

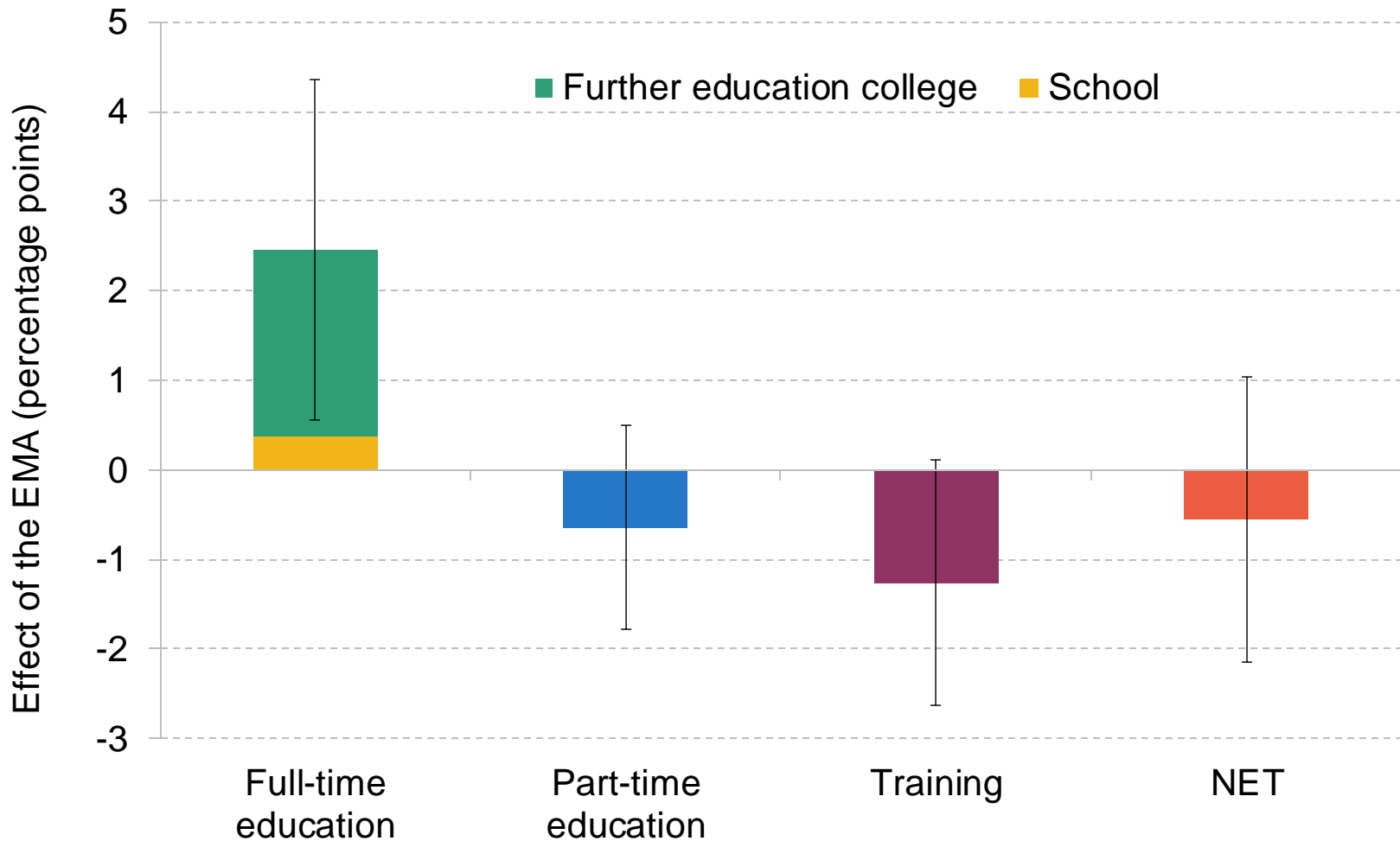
## Evaluation method

- Estimate the effect of the national rollout of the EMA in England in 2004.
- Use a “difference-in-difference” strategy to obtain causal estimates

## Past evidence

- Previous work evaluated the initial introduction of EMA in 1999, finding large effects on education participation (5-7 percentage points).
- But until now no one has comprehensively estimated the longer-term impacts

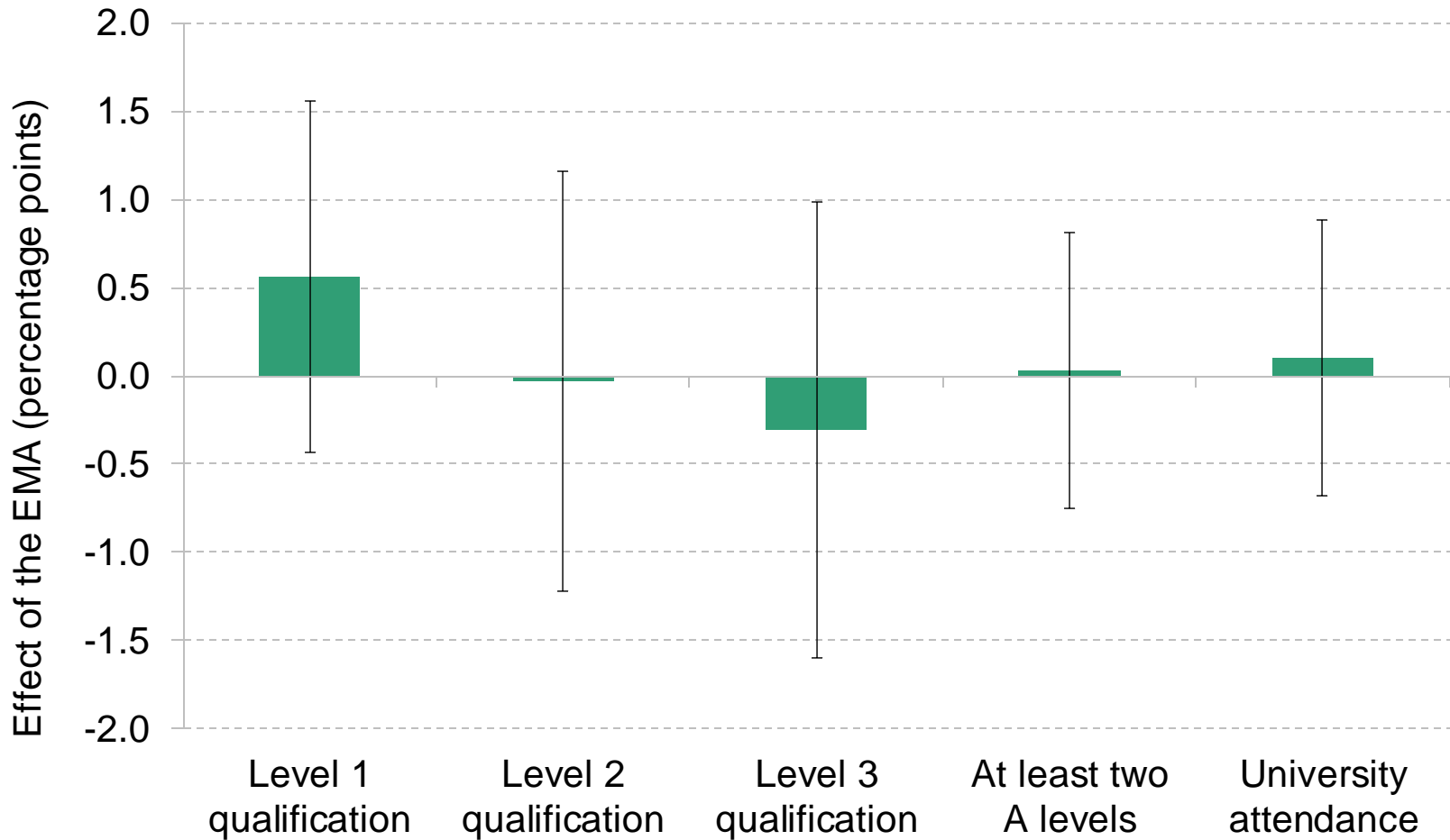
# Age 16-17 Education Decisions



Note: Black error bars represent 95% confidence intervals. NET stands for not in education or training

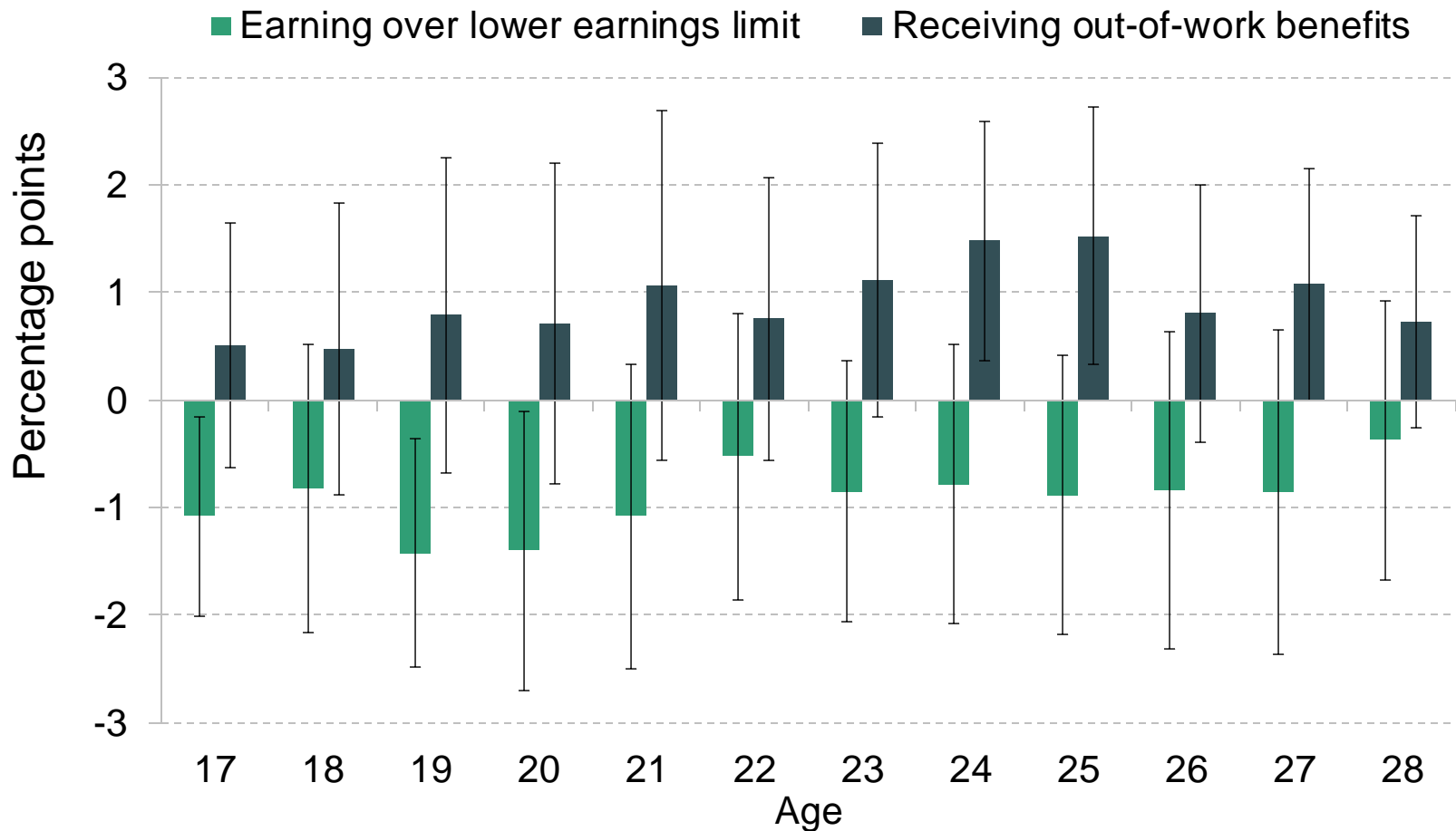
Did the Education Maintenance Allowance improve outcomes?

# Qualifications



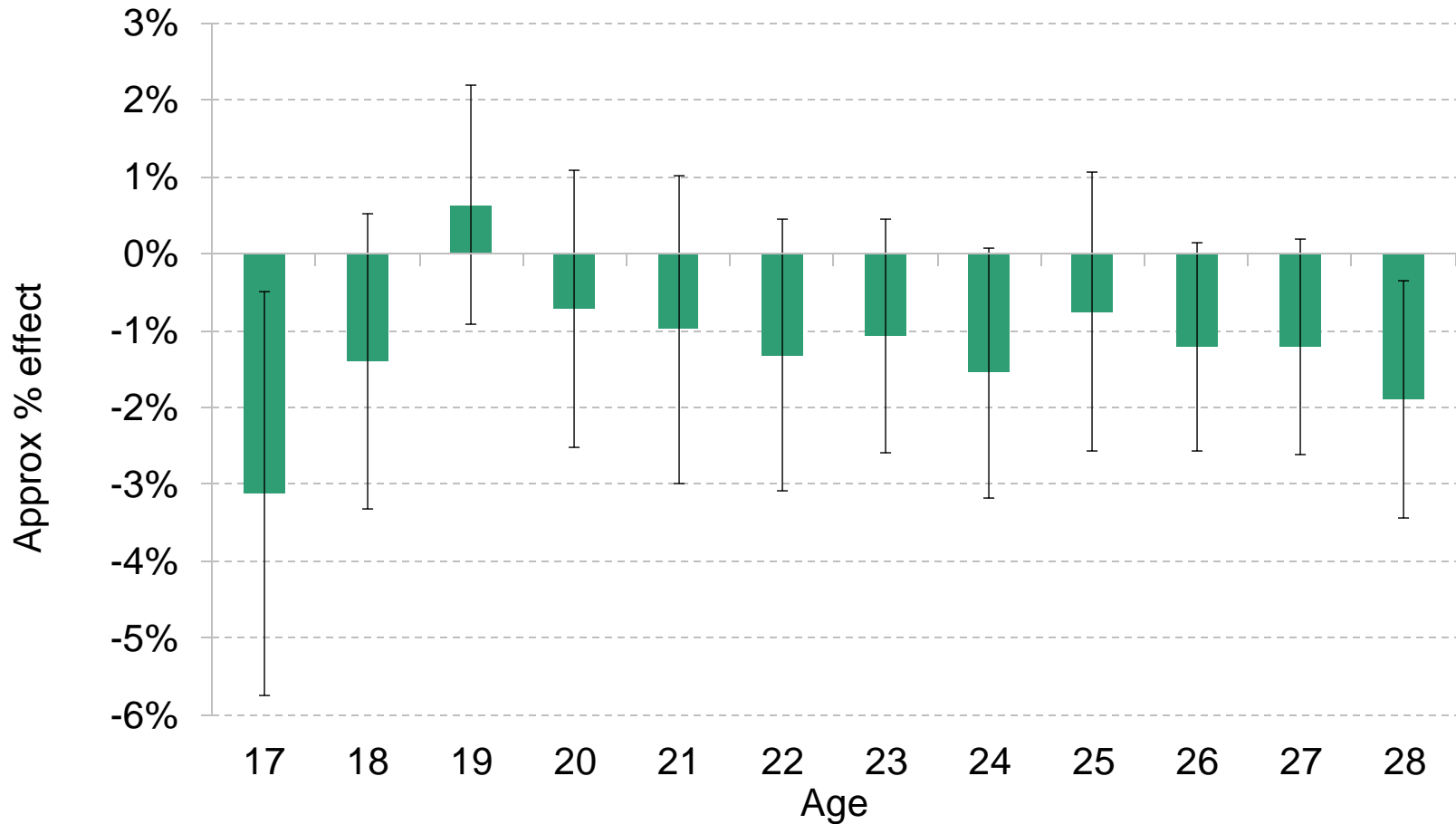
Note: Black error bars represent 95% confidence intervals. Outcomes up to age 23 considered.

# Employment in the long run



Note: Black error bars represent 95% confidence intervals. Lower earnings limit was approximately £4000 in 2004.

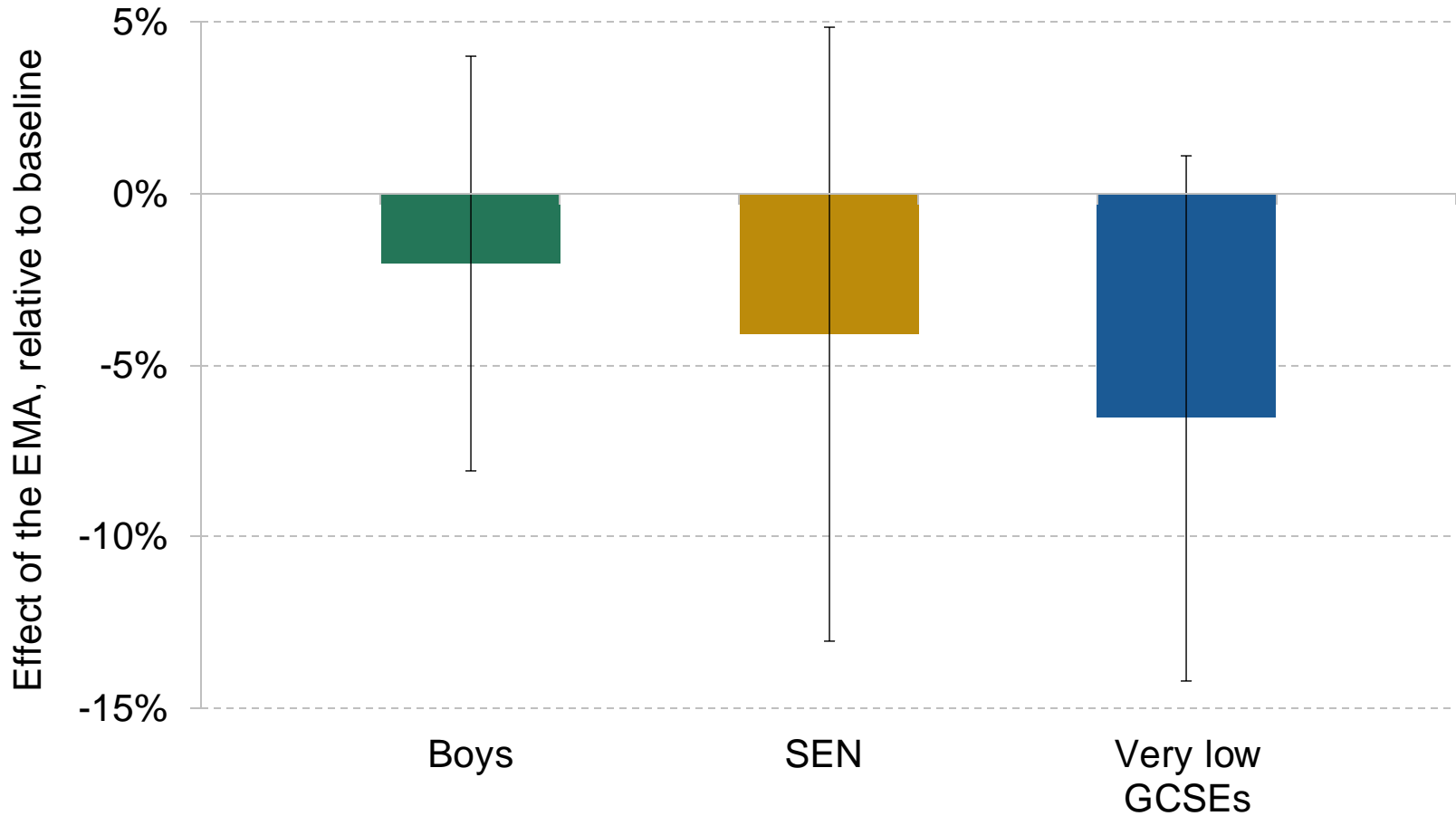
# Earnings in the long run



Note: Black error bars represent 95% confidence intervals.

Did the Education Maintenance Allowance improve outcomes?

# Criminal behaviour across subgroups



Note: Black error bars represent 95% confidence intervals.

Did the Education Maintenance Allowance improve outcomes?



# Summary of findings

- Increase in participation in full-time education
  - Effects smaller than suggested by past evidence
  - Mostly at FE colleges, among those with poor GCSEs
  - At expense of training, rather than NEET
- No improvement in qualifications
- No improvement in employment or earnings
  - If anything, these got *worse*
- Some evidence of reduced criminal activity – but associated savings are small compared to the costs of the policy

# Key takeaways



- The EMA had some positive impacts, but overall does not look like a good use of public funds
  - Generated <£1 of benefits for every £1 spent
  - Important for Scotland, Wales and Northern Ireland
- Financial incentives for signing up and turning up to classes is not a silver bullet
  - Consistent with evidence that paying people to do well in exams does not work
- EMA discouraged potentially valuable activities, such as working alongside studying
  - Basic interactions in work environment are potentially very valuable for young people leaving school with poor qualifications

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