

Returns to Education in the Russian Federation: Variation across regions and implications for policy development in priority regions

Ekaterina Melianova* | Suhas Parandekar* | Artëm Volgin*

* Education Global Practice, Europe and Central Asia

Correspondence

Email: sparandekar@worldbank.org

Data and Code

Thanks are due to the Higher School of Economics, Moscow for making the Russian Longitudinal Monitoring Study (RLMS) Household data readily available for researchers around the world. The code used for this paper is made freely available for all researchers at <https://bitbucket.org/zagamog/edreru/src/master/>

This is a generic template designed for use by multiple journals, which includes several options for customization. Please consult the author guidelines for the journal to which you are submitting in order to confirm that your manuscript will comply with the journal's requirements. Please replace this text with your abstract.

KEYWORDS

keyword 1, keyword 2, keyword 3, keyword 4, keyword 5, keyword 6, keyword 7

1 | ESTIMATING REGIONAL RETURNS TO EDUCATION

1.1 | Motivation for this study

The diversity of economic conditions across Russian regions suggests fruitful policy analytical use of regional level returns to education. Regional economic development in the Russian Federation is a heavily studied topic, with numerous studies focused on macroeconomic issues and investigations regarding convergence of growth trajectories, decomposition of inequality and efficiency of public spending. Examples of these studies are: Lugovoy et al. 2007, Hauner 2008, Gluschenko 2011 and Kufenko 2014. A recent World Bank report described the three main factors that explain the wide scale of diversities in Russia's regions, so that some regions have income levels that match Singapore or New Zealand, and others match Bolivia or Honduras: (i) the persistent Soviet legacy; (ii) diverse physical geography; and (iii) dominance of oil and gas in some regions (World Bank 2018). The report analyzed the determinants

Acknowledgments: Country Director: Renaud Seligman; Regional Director: Fadia Saadah; Practice Manager: Harry Patrinos; Program Leader: Dorota Nowak; Peer Reviewers: Cristian Aedo; Ruslan Yemtsov; Husein Abdul-Hamid; Team members: Polina Zavalina; Zhanna Terlyga. Thanks to seminar participants at the World Bank Moscow office on Jan. 29, 2020 for useful feedback. Any errors are a responsibility of the authors.

of Economic Potential Index (EPI) of Russian regions (excluding remote regions and oil and gas producing Eastern regions).

An important finding from the analysis of the EPI: the four factors of urbanization; the presence of high-tech industries; advanced human capital; and connectivity (access to markets) –explain 60% of the variation in EPI. For the EPI analysis, the measure of advanced human capital was the regional percentage of population with a higher education degree. While that report examined regional development with an overview of all sectors, and recommended that regional development can be spurred through investment in human capital, this paper seeks to derive deeper insights regarding human capital. It seeks to answer three questions - what is the variation of the returns to education across regions in Russia, what are the regional variables that may be causing the regional variation (as determined through a random effects regression model) and what are the policy implications of this variation?

Paragraph about structure of this paper Lorem ipsum dolor sit amet, consectetur adipiscing elit. Ut purus elit, vestibulum ut, placerat ac, adipiscing vitae, felis. Curabitur dictum gravida mauris. Nam arcu libero, nonummy eget, consectetur id, vulputate a, magna. Donec vehicula augue eu neque. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Mauris ut leo. Cras viverra metus rhoncus sem. Nulla et lectus vestibulum urna fringilla ultrices. Phasellus eu tellus sit amet tortor gravida placerat. Integer sapien est, iaculis in, pretium quis, viverra ac, nunc. Praesent eget sem vel leo ultrices bibendum. Aenean faucibus. Morbi dolor nulla, malesuada eu, pulvinar at, mollis ac, nulla. Curabitur auctor semper nulla. Donec varius orci eget risus. Duis nibh mi, congue eu, accumsan eleifend, sagittis quis, diam. Duis eget orci sit amet orci dignissim rutrum.

1.2 | Previous estimates of regional returns for Russia

Until quite recently, the only tried and tested set of available survey data that contained adequate information to calculate the rate of returns to education was the Russian Longitudinal Monitoring Survey (RLMS), implemented by the Higher School of Economics (HSE). The RLMS is a nationally representative household survey, but the survey size and design is too small to include regionally representative samples. Cheidvasser and Benítez-Silva 2007 had used the RLMS to derive rates of return at a level that roughly corresponded to Russia's eight federal districts. The authors had examine data from the 1995 to 1998 rounds of the RLMS. In this period of time, of substantive economic and social upheaval following the collapse of the Soviet Union in 1991, the returns of the education were low overall, and they were relatively even lower for metropolitan Moscow and St. Petersburg.

Baeva 2013 examined returns to education for regions in the Siberian Federal district. Using data from the enterprise based Survey of Wages by Occupation by Rosstat for the years 2007, 2009 and 2011, she found that the premium to Higher education was 61% for the Russian Federation and 56% for the Siberian Federal District. At the regional level, the premium ranged from 40% for Krasnoyarsk to 72% for Novosibirsk. The author also presents details about considerable variation in the returns to vocational education and a closer examination of returns for the Irkutsk region. Oshchepkov 2018 also utilized data from the Survey of Wages by Occupation by Rosstat, for the years 2005, 2007, 2009, 2011, 2013 and 2015. Only returns to Higher education are computed in this paper, and a typical specifications results in estimates of a wage premium for Higher education for all of the Russian Federation as 81%. The dispersion indicates a range from 54% return for the Republic of Modovia to 127% for the Tuva Republic. A very useful practice in this paper is the correct interpretation of coefficients on dummy variables in semi-logarithmic regressions that was recommended by Halvorsen, Palmquist, et al. 1980. The author presents the regional estimates of returns to education using ordinary least squares (OLS) regression, with a modified Mincerian specification that includes gender, public or private sector and broad classification of industry.

An interesting aspect of Oshchepkov 2018 is the use of data from all five rounds of the occupational wage survey

for 79 of the Russian regions, that results in (79×6) or 474 coefficient estimates from which wage premium style returns (i.e., not dividing by the years of higher education) can be computed. The author reports a second stage regression, using the computed coefficient estimates as dependent variables and regressing them on a set of region level variables, with a specification that includes fixed effects for each region and each year. If there are unobserved regional or temporal fixed effects that are correlated with the error term in this second stage regression, the specification is said to result in valid estimates of effects of regional characteristics. Treating regression coefficients as dependent variables could be perilous if there is a systematic time-varying relationship between regional returns to education and the regional characteristics. From a policy analytic perspective, one hopes this would be the case, as policy makers can seek to influence the returns to education. In spite of the possible methodological issues, the paper provides an interesting perspective to the topic of returns to education in the Russian Federation. The literature in this field is likely to grow as more regionally representative household or enterprise data sets become available for the Russian Federation.

1.3 | Data

To estimate returns to education in Russian regions, we use the most recent (2018) round of the Statistical Survey of Income and Participation in Social Programs, collected by Rosstat. The primary purpose of the Rosstat survey was to obtain statistical information, reflecting the role of wages, income from self-employment, property income, pensions, and social benefits in ensuring the material well-being of families. The survey contains data on trends in income and poverty variation among households with different socio-economic status. There are also variables on people's participation in social programs, their pension and health insurance, material and social security of low-income families, and the impact of social policy measures on people's well-being. The sample selected for the empirical modeling consists of individuals aged 25-64 who are out of school and have positive labor market experience and income.

1.4 | Methods

The Mincerian equation with an added gender dummy is the main focus in the regional investigation of returns to education in Russia: in this section we look at how these returns vary across regions. Additionally, we explore the determinants of the established variation through a random effects regression analysis. The equations of interest are as follows:

First level:

$$\text{Log(Wage)}_{ij} = b_{0j} + b_{1j} \cdot \text{Educ} + b_{2j} \cdot \text{Exp} + b_{3j} \cdot \text{Exp}^2 + b_{4j} \cdot \text{Gender} + \epsilon_{ij} \quad (1)$$

Second Level:

$$b_{0j} = \gamma_{00} + \gamma_{0n} \cdot Z + u_{00}; \quad b_{1j} = \gamma_{10} + \gamma_{1n} \cdot Z + u_{10}; \quad b_{ij} = \gamma_{i0} \quad \text{for } i \neq 0 \quad (2)$$

where an individual i is nested withing a region j , Log(Wage) is the logarithm of monthly wage, Educ stands for highest attained level of education, Exp and Exp^2 reflect the years of working experience and its quadratic term respectively, Gender is a dummy variable for gender, Z is an $n \times i$ matrix of regional characteristics, ϵ and u_{00} , u_{10} are the first- and second-level errors respectively.

The random effects models were estimated using restricted maximum likelihood (REML). Individual Wald tests and

likelihood ratio tests were exploited to evaluate the significance of fixed and random effects, respectively. Weights were used in the modeling to ensure the representativeness of the sample across Russian regions (the weighting variable was divided by 1000 to allow the convergence of the multilevel models).

1.4.1 | Left Hand Side (LHS) variable

The outcome to be investigated is the logarithm of monthly monetary remuneration before income tax payment at the main place of work.

1.4.2 | Right Hand Side (RHS) variables

Education, experience, and gender are the first-level variables as in an OLS equation. We then computed the intra-class correlation coefficient (ICC) on a base model of the logarithm of earnings to examine the percentage variance of earnings explained due to variation across regions. In the base model with covariates, we find an ICC value of 0.20, which is high enough to justify modeling regional random effects. We then compare the base model with a model including Education as a random regional effect, and used Wald tests, likelihood ratio tests and other information tests (AIC, BIC) to determine which model provides a better fit. These criteria point to the inclusion of Education as a random regional effect in addition to the fixed effect of Education.

Next we tested a set of random regional effects. We checked for the influence of regional level *educational quantity* and *educational quality* measures to explain the variation in education payoffs across Russian regions, and also included a set of variables to represent labor market conditions. To measure educational quantity or access, we used the number of students enrolled in vocational education per 10,000 residents (*voc_edc*) and the number of students enrolled in higher education per 10,000 residents (*high_edc*). As a measure of educational quality, standard deviations from the national mean of the Russian school-leaving and university entrance examination, the EGE, were incorporated. We also added variables regarding economic development and the labor market - these are the gross regional product, the level of urbanization, the regional unemployment level, the share of employment in jobs related to natural resources exploitation and the ratio of recent graduates who migrated to other states compared to the graduates who stayed in the same region.

Figure 1.1 shows descriptive statistics of the variables used - the univariate distribution of each variable, and their respective bivariate correlations. For improved context, the matrix represented in 1.1 also includes regional aggregates for the main variables of interest - education (in years) and logarithm of monthly wage. The figure indicates a rich and varied pattern of correlations - some of these are straightforward - such as the relationship between wages and regional product (*grp*). The sparklines and bi-variate scatter plots in 1.1 also indicate the presence of a number of outliers for almost every variable. In a regional context, random effects regression deals effectively with such a data structure. All region-level variables were normalized with Z-standardization before being plugged into the analysis to obtain meaningfully interpretable moderation effects in cross-level interaction models. For the statistically significant interactions, marginal returns to schooling, conditioned on thresholds of region-level characteristics (-1, 0, 1 standard deviations), were evaluated:

$$\{b_{1j}|Z = 1\} = \gamma_{10} + 1 \times \gamma_{1n} \quad \{b_{1j}|Z = 0\} = \gamma_{10} \quad \{b_{1j}|Z = -1\} = \gamma_{10} - 1 \times \gamma_{1n} \quad (3)$$

Appendix Table A1 demonstrates descriptive statistics of the key variables of interest by regions.

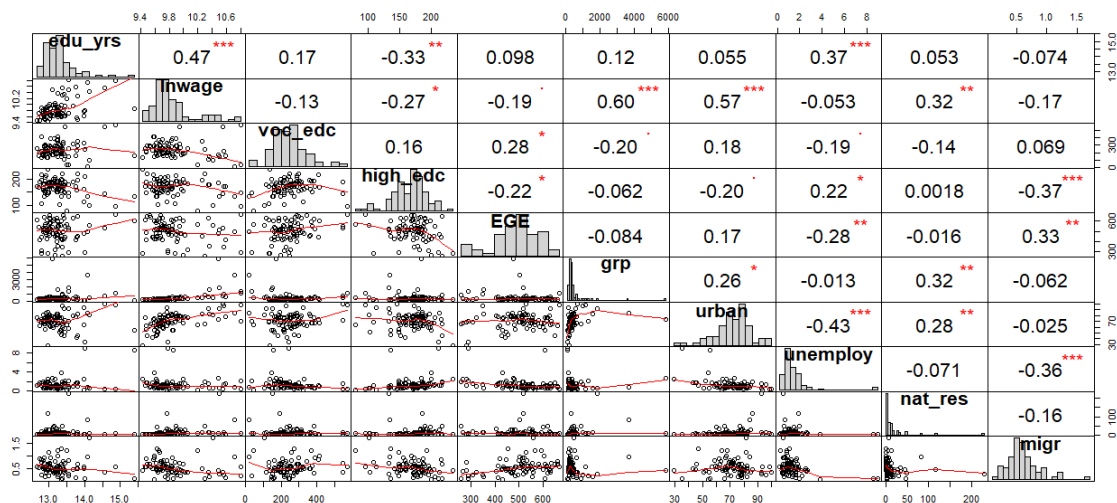


FIGURE 1.1 Correlations of Regional Level Variables with Wages and Education

1.5 | Estimation Results of Regional Analysis

Of the eight variables tested for random regional effects, it turned out that six of the eight variables passed the test - the only variables that did not meet the criteria was the migration ratio and the standardized EGE score variable. After adding these six random effects to the specification, the next step was to check for interactions of the second level variables with education levels. The investigation revealed that with one exception, none of the second-level characteristics have a statistically significant interaction with education as a random effect. The only variable that had an independent random effect at the regional level as well as a statistically significant regional interaction with education was *voc_edc*, the regional coverage of vocational education. Substantively, it was found that growth in the number of students covered by vocational programs leads to higher schooling premiums concerning both vocational and university education.

The results from the final specification and the mean values of the random effects are presented in Appendix Table A1. From this table, we focus on the finding regarding vocational education. In addition to the independent random effect coefficient value of -0.14 which is statistically significant, we find the positive coefficient of 0.05 and 0.08 for coverage of vocational education and coverage of higher education respectively. Particularly, sufficiently high vocational degree coverage (when this variable is equal to 1 standard deviation above the national mean) corresponds to the average return rate of 35.8%. Medium vocational degree coverage (when the coverage is at the national mean) corresponds to the average return rate of 30.6%. Low vocational degree coverage (when the coverage of vocational education is 1 standard deviation lower than the national mean) corresponds to the average return rate of 25.5%.

We then explored regional diversity in education payoffs in Russia by extracting region-specific estimates of rates of returns to schooling and their respective 95% confidence intervals, presenting the combinations of the random effects mentioned earlier. (see Figure 1.2). Red color on the picture highlights region called by the Russian Federal Government as priority regions that were ranked lowest regarding poverty, income, and investment climate. A visual inspection of this graph illustrates that premiums to education in Russian regions are rather heterogeneous, varying from 5.2% (Chechenskaya Respublika) to 58.2% (Tyumenskaya Oblast) for university level and from -1% (Chechen-

skaya Respublika) to 29.6% (Tyumenskaya Oblast) for vocational level.

2 | CATEGORIZATION OF PRIORITY REGIONS

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Ut purus elit, vestibulum ut, placerat ac, adipiscing vitae, felis. Curabitur dictum gravida mauris. Nam arcu libero, nonummy eget, consectetur id, vulputate a, magna. Donec vehicula augue eu neque. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Mauris ut leo. Cras viverra metus rhoncus sem. Nulla et lectus vestibulum urna fringilla ultrices. Phasellus eu tellus sit amet tortor gravida placerat. Integer sapien est, iaculis in, pretium quis, viverra ac, nunc. Praesent eget sem vel leo ultrices bibendum. Aenean faucibus. Morbi dolor nulla, malesuada eu, pulvinar at, mollis ac, nulla. Curabitur auctor semper nulla. Donec varius orci eget risus. Duis nibh mi, congue eu, accumsan eleifend, sagittis quis, diam. Duis eget orci sit amet orci dignissim rutrum.

2.1 | Quantity and Quality of Labor Supply

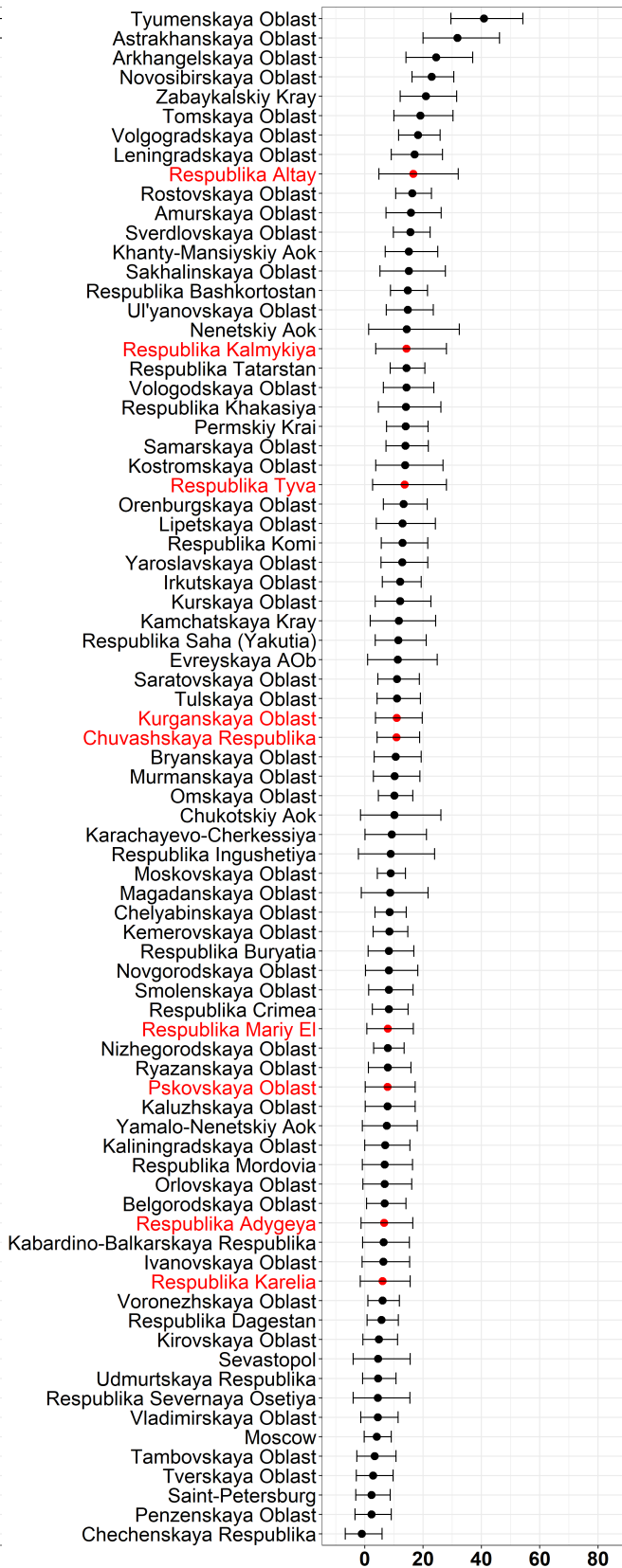
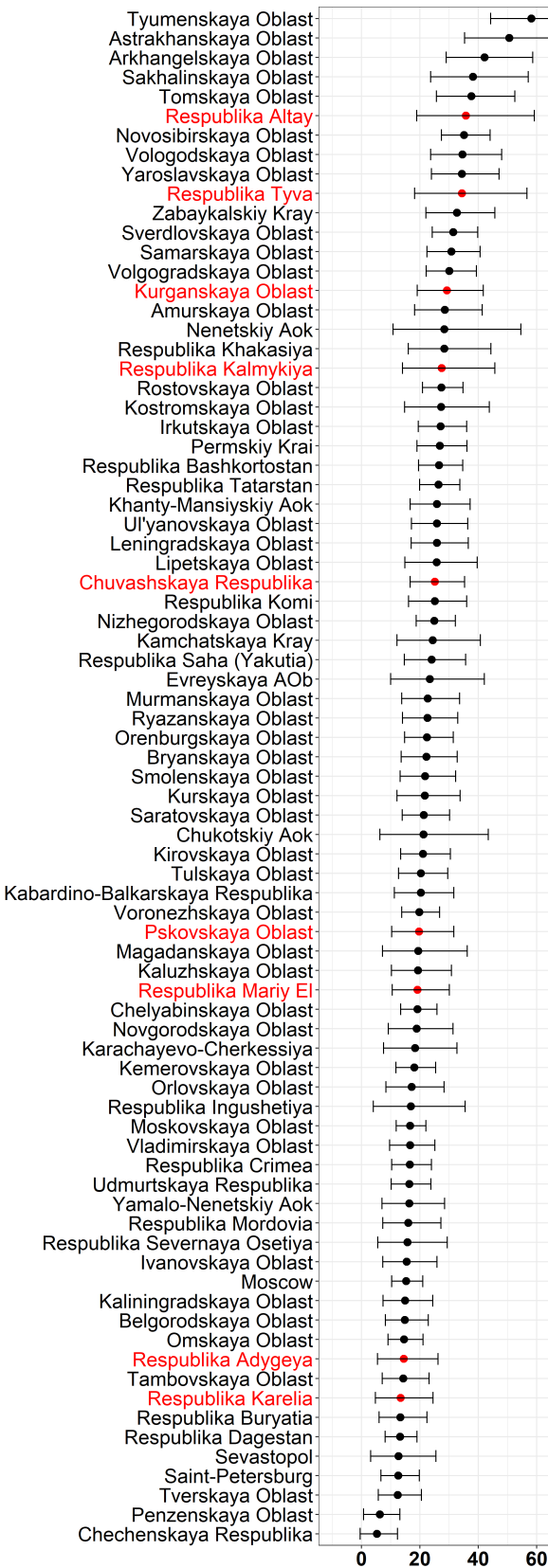
Nam dui ligula, fringilla a, euismod sodales, sollicitudin vel, wisi. Morbi auctor lorem non justo. Nam lacus libero, pretium at, lobortis vitae, ultricies et, tellus. Donec aliquet, tortor sed accumsan bibendum, erat ligula aliquet magna, vitae ornare odio metus a mi. Morbi ac orci et nisl hendrerit mollis. Suspendisse ut massa. Cras nec ante. Pellentesque a nulla. Cum sociis natoque penatibus et magnis dis parturient montes, nascetur ridiculus mus. Aliquam tincidunt urna. Nulla ullamcorper vestibulum turpis. Pellentesque cursus luctus mauris.

2.2 | Quantity and Quality of Labor Demand

Nulla malesuada porttitor diam. Donec felis erat, congue non, volutpat at, tincidunt tristique, libero. Vivamus viverra fermentum felis. Donec nonummy pellentesque ante. Phasellus adipiscing semper elit. Proin fermentum massa ac quam. Sed diam turpis, molestie vitae, placerat a, molestie nec, leo. Maecenas lacinia. Nam ipsum ligula, eleifend at, accumsan nec, suscipit a, ipsum. Morbi blandit ligula feugiat magna. Nunc eleifend consequat lorem. Sed lacinia nulla vitae enim. Pellentesque tincidunt purus vel magna. Integer non enim. Praesent euismod nunc eu purus. Donec bibendum quam in tellus. Nullam cursus pulvinar lectus. Donec et mi. Nam vulputate metus eu enim. Vestibulum pellentesque felis eu massa.

2.3 | Bringing Demand and Supply rankings together

Quisque ullamcorper placerat ipsum. Cras nibh. Morbi vel justo vitae lacus tincidunt ultrices. Lorem ipsum dolor sit amet, consectetur adipiscing elit. In hac habitasse platea dictumst. Integer tempus convallis augue. Etiam facilisis. Nunc elementum fermentum wisi. Aenean placerat. Ut imperdiet, enim sed gravida sollicitudin, felis odio placerat quam, ac pulvinar elit purus eget enim. Nunc vitae tortor. Proin tempus nibh sit amet nisl. Vivamus quis tortor vitae risus porta vehicula.



3 | POLICY RECOMMENDATIONS FOR PRIORITY REGIONS

References

- Baeva, Olga Nikolaevna. 2013. "Assessment of the return on education at the regional level (Otsenka ot dachi ot obrazovaniya na urovne regiona)". *Manager (Upravlenets)* 2 (42): 64–69.
- Cheidvasser, Sofia, and Hugo Benítez-Silva. 2007. "006. The Educated Russian's Curse: Returns to Education in the Russian Federation during the 1990s". *Labour* 21 (1): 1–41.
- Gluschenko, Konstantin P. 2011. "Studies on income inequality among Russian regions". *Regional Research of Russia* 1 (4): 319–330.
- Halvorsen, Robert, Raymond Palmquist, et al. 1980. "The interpretation of dummy variables in semilogarithmic equations". *American Economic Review* 70 (3): 474–475.
- Hauner, David. 2008. "Explaining differences in public sector efficiency: evidence from Russia's regions". *World Development* 36 (10): 1745–1765.
- Kufenko, Vadim. 2014. *Economic growth and inequality: Empirical analysis for the Russian regions*. Springer.
- Lugovoy, O, et al. 2007. "Economic, geographical, and institutional aspects of regional economic growth in Russia". *Technical Report, Institute for the Economy in Transition, Moscow (in Russian)*.
- Oshchepkov, Aleksey. 2018. "What Drives Returns to Higher Education: Evidence from Russian Regions". *Center for Labour Market Studies, Higher School of Economics, Moscow*.
- World Bank. 2018. *Rolling Back Russia's Spatial Disparities*. World Bank. doi:10.1596/29866. <https://elibrary.worldbank.org/doi/abs/10.1596/29866>.

Appendix

TABLE A1 Descriptive Statistics for Regions in Russia, Rosstat 2018

Regions	N	Wage		Experience		Education, %			Gender, %	
		mean	sd	mean	sd	SE	VE	HE	Males	Females
Altayskiy Kray	4646	22127.6	11952.2	23.6	11.0	17.456	54.50	28.05	48.90	51.10
Amurskaya Oblast	2557	33441.2	17409.0	23.2	11.2	16.347	50.65	33.01	49.59	50.41
Arkhangelskaya Oblast	3183	33438.1	16884.2	22.6	10.6	12.692	54.95	32.36	44.17	55.83
Astrakhanskaya Oblast	2836	26474.1	13737.6	23.0	11.3	13.646	55.08	31.28	50.99	49.01
Belgorodskaya Oblast	3692	26281.0	10811.9	23.8	11.1	12.351	54.47	33.18	49.76	50.24
Bryanskaya Oblast	3087	22482.3	9634.1	23.5	10.9	19.631	50.66	29.71	48.66	51.34
Chechenskaya Respublika	2010	27718.4	11793.2	18.7	10.6	25.721	26.37	47.91	65.37	34.63
Chelyabinskaya Oblast	6717	27990.8	14280.9	23.9	11.2	12.104	54.53	33.36	47.39	52.61
Chukotskiy Aok	1535	65574.1	32370.8	23.6	10.6	13.941	46.06	40.00	43.97	56.03
Chuvashskaya Respublika	3248	21453.7	12602.2	24.3	11.0	19.119	50.80	30.08	50.18	49.82
Evreyskaya AObl	1536	28532.1	17385.1	23.8	11.2	22.005	50.33	27.67	50.00	50.00
Irkutskaya Oblast	4686	29967.6	17443.1	22.3	11.2	17.520	47.06	35.42	47.57	52.43
Ivanovskaya Oblast	2876	24881.8	12496.8	23.3	10.9	20.341	49.90	29.76	47.77	52.23
Kabardino-Balkarskaya Res.	2006	23592.3	10766.2	21.7	11.6	21.137	40.53	38.33	52.04	47.96
Kaliningradskaya Oblast	2838	29749.2	15489.1	23.5	11.4	13.495	52.40	34.11	50.07	49.93
Kaluzhskaya Oblast	3155	29662.1	12879.5	24.1	11.2	13.312	52.11	34.58	47.92	52.08
Kamchatskaya Kray	2203	51160.5	29997.7	23.1	11.2	13.118	42.99	43.89	47.89	52.11
Karachayevo-Cherkessiya	1510	22900.6	12540.8	22.0	11.8	17.152	40.07	42.78	48.01	51.99
Kemerovskaya Oblast	5056	26287.0	13774.4	23.6	11.3	18.137	52.99	28.88	48.04	51.96
Khabarovskiy Kray	3731	42008.8	21837.8	22.3	11.2	11.900	44.33	43.77	46.15	53.85
Khanty-Mansiyskiy Aok	4335	50837.9	22261.7	22.8	10.5	13.564	46.78	39.65	49.60	50.40
Kirovskaya Oblast	3284	22941.0	13674.6	25.1	11.2	20.128	55.33	24.54	47.69	52.31
Kostromskaya Oblast	2518	23993.1	12090.9	23.6	11.1	12.669	61.28	26.05	47.82	52.18
Krasnodarskiy Kray	8730	32563.7	17499.8	23.0	10.9	15.888	48.57	35.54	50.02	49.98
Krasnoyarskiy Kray	5540	33954.6	21199.2	23.0	11.0	21.588	48.05	30.36	49.64	50.36
Kurganskaya Oblast	2468	20896.9	11539.5	24.4	10.7	21.394	52.47	26.13	48.38	51.62
Kurskaya Oblast	2956	23622.6	11475.0	23.9	11.0	14.783	52.17	33.05	50.30	49.70
Leningradskaya Oblast	4506	32124.3	17227.4	24.2	11.5	7.723	54.77	37.51	46.03	53.97
Lipetskaya Oblast	2869	25037.8	10813.5	24.1	11.0	13.106	53.82	33.08	49.60	50.40
Magadanskaya Oblast	1841	51000.8	23729.4	24.1	11.4	18.523	43.02	38.46	43.24	56.76
Moscow	29921	66263.5	26437.9	20.8	10.8	4.953	32.18	62.86	47.06	52.94
Moskovskaya Oblast	13431	46725.1	20563.7	22.6	11.4	10.975	39.13	49.89	47.51	52.49
Murmanskaya Oblast	3078	43992.5	28841.9	23.4	11.2	12.801	50.45	36.74	49.84	50.16
Nenetskiy Aok	1118	54467.3	23147.1	22.6	10.8	17.263	49.73	33.01	39.98	60.02
Nizhegorodskaya Oblast	6139	30912.9	13291.8	23.4	11.2	16.941	49.31	33.75	47.42	52.58
Novgorodskaya Oblast	2673	26856.0	12683.0	24.6	11.2	15.638	55.74	28.62	45.16	54.84
Novosibirskaya Oblast	5374	29229.9	14687.7	23.9	11.6	16.561	49.33	34.11	47.06	52.94
Omskaya Oblast	3978	25337.5	14613.1	23.6	10.9	22.197	51.31	26.50	51.11	48.89
Orenburgskaya Oblast	4190	24207.0	12519.9	23.3	11.0	15.131	53.68	31.19	51.29	48.71
Orlovskaya Oblast	2424	21901.2	10561.0	24.7	11.1	15.017	50.66	34.32	46.99	53.01
Penzenskaya Oblast	3103	23478.4	10982.9	24.2	11.0	20.722	51.40	27.88	51.02	48.98
Permskiy Krai	5290	29176.6	14449.4	23.4	11.0	13.894	58.32	27.79	48.17	51.83
Primorskiy Kray	4104	37839.9	18420.2	23.8	11.3	14.985	52.97	32.04	49.98	50.02
Pskovskaya Oblast	2382	23838.4	12015.3	25.0	11.0	17.632	55.33	27.04	48.11	51.89
Respublika Adygeya	2013	21350.3	10505.9	23.4	11.3	20.666	43.67	35.67	49.53	50.47

TABLE A1 Descriptive Statistics for Regions in Russia, Rosstat 2018

Regions	N	Wage		Experience		Education, %			Gender, %	
		mean	sd	mean	sd	SE	VE	HE	Males	Females
Respublika Altay	1381	20285.3	12029.5	23.0	10.6	23.027	45.26	31.72	43.08	56.92
Respublika Bashkortostan	7126	31100.8	15175.2	23.4	11.0	12.167	56.67	31.17	51.98	48.02
Respublika Buryatia	2469	29536.3	17237.4	22.1	10.6	17.173	45.61	37.22	48.12	51.88
Respublika Crimea	2895	19916.2	9743.9	22.8	11.0	21.244	43.90	34.85	52.99	47.01
Respublika Dagestan	3388	26377.3	11971.9	23.0	10.7	30.519	30.79	38.70	55.99	44.01
Respublika Ingushetiya	1207	23740.2	10168.5	18.2	9.6	10.025	18.89	71.09	61.14	38.86
Respublika Kalmykiya	1751	18568.8	11749.1	23.6	11.4	15.762	40.89	43.35	46.43	53.57
Respublika Karelia	2164	28510.2	16639.5	23.7	10.8	17.144	55.45	27.40	47.00	53.00
Respublika Khakasiya	2064	27288.1	16613.3	23.3	11.1	22.045	51.11	26.84	50.97	49.03
Respublika Komi	2972	35891.6	21554.4	23.8	11.0	16.689	53.47	29.85	46.67	53.33
Respublika Mariy El	2486	21133.1	11941.6	24.1	11.2	18.785	52.98	28.24	47.87	52.13
Respublika Mordovia	2236	21221.0	10837.3	23.1	11.2	15.519	49.11	35.38	48.35	51.65
Respublika Saha (Yakutia)	3243	45763.1	25001.6	23.2	11.3	18.440	45.76	35.80	46.69	53.31
Respublika Severnaya Osetiya	2114	22993.1	12762.5	21.8	11.3	12.677	40.92	46.40	48.91	51.09
Respublika Tatarstan	7212	30327.9	12928.8	23.5	11.1	18.691	48.64	32.67	51.48	48.52
Respublika Tyva	1704	23421.9	16851.3	21.4	10.0	19.777	44.78	35.45	40.43	59.57
Rostovskaya Oblast	6985	28287.2	12779.9	23.1	11.0	15.476	48.03	36.49	50.68	49.32
Ryazanskaya Oblast	2609	25889.2	11760.9	24.7	11.1	12.457	59.37	28.17	49.18	50.82
Saint-Petersburg	11352	48520.8	23771.0	22.8	11.4	5.259	38.15	56.59	46.04	53.96
Sakhalinskaya Oblast	2258	50325.1	25563.0	23.6	11.2	17.493	48.23	34.28	46.94	53.06
Samarskaya Oblast	6275	32584.4	15015.6	23.8	11.1	11.331	47.87	40.80	47.71	52.29
Saratovskaya Oblast	4572	23698.6	12322.4	23.7	10.8	14.961	50.22	34.82	50.42	49.58
Sevastopol	1489	24811.3	13498.9	22.4	11.2	9.671	44.93	45.40	53.32	46.68
Smolenskaya Oblast	2726	25517.8	12104.9	24.6	11.3	14.380	52.31	33.31	46.04	53.96
Stavropolskiy Kray	4945	25263.6	12696.7	22.6	11.3	16.946	43.80	39.25	47.48	52.52
Sverdlovskaya Oblast	7712	35983.2	15242.7	23.6	11.3	16.779	54.94	28.28	48.59	51.41
Tambovskaya Oblast	2781	22698.6	10440.1	24.1	11.0	16.397	53.54	30.06	50.67	49.33
Tomskaya Oblast	3074	29580.6	16745.7	22.1	11.1	13.500	47.56	38.94	46.78	53.22
Tulskaya Oblast	3516	27687.4	11814.7	24.3	11.3	17.491	54.69	27.82	48.98	51.02
Tverskaya Oblast	3157	26310.0	15025.1	25.5	11.1	14.824	56.57	28.60	44.73	55.27
Tyumenskaya Oblast	3095	31441.2	17278.6	22.7	11.2	16.123	52.89	30.99	50.05	49.95
Udmurtskaya Respublika	4073	24044.6	11540.9	23.9	11.3	20.108	51.04	28.85	46.99	53.01
Ul'yanovskaya Oblast	3109	23215.3	10596.4	24.8	10.9	19.170	53.84	26.99	50.37	49.63
Vladimirska Oblast	3502	25001.4	12605.8	24.5	11.4	19.503	50.77	29.73	46.49	53.51
Volgogradskaya Oblast	4836	24459.0	12915.8	23.2	11.0	15.881	50.91	33.21	49.69	50.31
Vologodskaya Oblast	2965	28248.9	16693.8	23.9	11.2	17.302	57.47	25.23	49.61	50.39
Voronezhskaya Oblast	4348	26261.9	11813.9	23.6	11.5	22.700	43.38	33.92	48.37	51.63
Yamalo-Nenetskiy Aok	3164	69356.7	28075.6	21.0	10.4	10.683	40.27	49.05	48.74	51.26
Yaroslavskaya Oblast	3361	30261.4	14682.8	24.1	11.4	16.215	53.73	30.05	47.01	52.99
Zabaykalskiy Kray	3017	28336.6	16350.4	23.0	10.6	24.561	47.40	28.04	47.07	52.93

TABLE A2

	Null model	Mincerian	Random Slope	Cross-Level Interaction
	(1)	(2)	(3)	(4)
Constant	10.178*** (0.034)	10.032*** (0.034)	10.056*** (0.036)	10.065*** (0.036)
Vocational		0.283*** (0.009)	0.279*** (0.021)	0.267*** (0.021)
Higher		0.638*** (0.009)	0.641*** (0.025)	0.622*** (0.025)
Coverage VE X Vocational				0.050** (0.025)
Coverage VE X Higher				0.083*** (0.030)
Experience		-0.026*** (0.002)	-0.027*** (0.002)	-0.027*** (0.002)
Experience squared		-0.065*** (0.002)	-0.065*** (0.002)	-0.065*** (0.002)
Females		-0.403*** (0.005)	-0.404*** (0.005)	-0.404*** (0.005)
Coverage VE			-0.101*** (0.039)	-0.142*** (0.043)
Variance of Intecept	0.09	0.08	0.09	0.09
Variance of Vocational			0.02	0.02
Variance of Higher			0.04	0.04
Residual Deviance	0.45	0.35	0.34	0.34
sigma	0.67	0.587	0.584	0.584
deviance	119505.212	106528.235	106137.315	106129.127
df.residual	49184	49179	49173	49171
Observations	49,187	49,187	49,187	49,187
Log Likelihood	-59,755.060	-53,289.500	-53,094.620	-53,096.640
Akaike Inf. Crit.	119,516.100	106,595.000	106,217.200	106,225.300
Bayesian Inf. Crit.	119,542.500	106,665.400	106,340.500	106,366.100

Note:

*p<0.1; **p<0.05; ***p<0.01

References

- Baeva, Olga Nikolaevna. 2013. "Assessment of the return on education at the regional level (Otsenka ot dachi ot obrazovaniya na urovne regiona)". *Manager (Upravlenets)* 2 (42): 64–69.
- Cheidvasser, Sofia, and Hugo Benítez-Silva. 2007. "006. The Educated Russian's Curse: Returns to Education in the Russian Federation during the 1990s". *Labour* 21 (1): 1–41.
- Gluschenko, Konstantin P. 2011. "Studies on income inequality among Russian regions". *Regional Research of Russia* 1 (4): 319–330.
- Halvorsen, Robert, Raymond Palmquist, et al. 1980. "The interpretation of dummy variables in semilogarithmic equations". *American Economic Review* 70 (3): 474–475.
- Hauner, David. 2008. "Explaining differences in public sector efficiency: evidence from Russia's regions". *World Development* 36 (10): 1745–1765.
- Kufenko, Vadim. 2014. *Economic growth and inequality: Empirical analysis for the Russian regions*. Springer.
- Lugovoy, O, et al. 2007. "Economic, geographical, and institutional aspects of regional economic growth in Russia". *Tech-nical Report, Institute for the Economy in Transition, Moscow (in Russian)*.
- Oshchepkov, Aleksey. 2018. "What Drives Returns to Higher Education: Evidence from Russian Regions". *Center for Labour Market Studies, Higher School of Economics, Moscow*.
- World Bank. 2018. *Rolling Back Russia's Spatial Disparities*. World Bank. doi:10.1596/29866. <https://elibrary.worldbank.org/doi/abs/10.1596/29866>.