

# Estimating Marginal Returns to Education

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*This paper estimates marginal returns to college for individuals induced to enroll in college by different marginal policy changes. The recent instrumental variables literature seeks to estimate this parameter, but in general it does so only under strong assumptions that are tested and found wanting. We show how to utilize economic theory and local instrumental variables estimators to estimate the effect of marginal policy changes. Our empirical analysis shows that returns are higher for individuals with values of unobservables that make them more likely to attend college. We contrast our estimates with IV estimates of the return to schooling.*

# Appendix

## *References*

Carneiro, P., Heckman, J. J., and Vytlacil, E. J. (2011). Estimating marginal returns to education. *American Economic Review*, 101(6):2754–2781.