

Macro Roundup Article

Headline: [Marginal Returns to Public Universities](#)

Article Link: <https://www.nber.org/papers/w32296>

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Tweet: Data from public universities in Texas show students whose test scores marginally qualify for their target 4-year state college have higher educational attainment and eventually earn 10% more than counterparts whose scores marginally fail to qualify.

Summary: I use administrative admission records spanning all 35 public universities in Texas, which collectively enroll 10 percent of American public university students, to systematically identify and employ decentralized cutoffs in SAT/ACT scores that generate discontinuities in admission and enrollment. The typical marginally admitted student completes an additional year of education in the four-year sector, is 12 percentage points more likely to earn a bachelor's degree, and eventually earns 5-10 percent more than [a] marginally rejected but otherwise identical counterpart. I derive tight bounds on separate effects for students on the extensive margin of the four-year sector versus those who would fall back to a less-preferred four-year school if rejected. These results revealed a dominant role for the extensive margin in driving the average marginal returns.

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Primary Topic: Education

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