on one condition

the welfare effects of unraveling in the uk college admissions system

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Many differing opinions on UK college admissions in the late 2010s

Geoff Barton, general secretary of the Association of School and College Leaders, said: "It is *infuriating* that universities have apparently responded to calls to end the use of certain types of unconditional offers by making more of them.

[...] "This practice has **more to do with the frenetic scramble to put 'bums on seats' than the best interests of students**."

[...] Following the lifting of the cap on student numbers, there has been *fierce competition between institutions* who are dependent for their survival on undergraduate tuition fees and are recruiting from a shrinking pool of 18-year-olds.
–The Guardian, 2018

"We don't use them to put bums on seats, in the minister's phrase, we use them to position ourselves at the top end of the attainment range and *attract a high calibre of students* ...I want them to come here and not to a university down the road"
–Vice-Chancellor of Sheffield Hallam Univ., 2018

A survey of 18-year-olds by Ucas found *70% of applicants supported the use of unconditional offers*, noting: "Many speak about a reduction in *stress*, and the mental health and wellbeing benefits this confers." Applicants themselves ...welcom[e] the *certainty* of knowing they have a place...
–The Guardian, 2019

intro
●○○○○

background
○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○○

- Gastroenterology: inception–1986, 1996–2006 (Niederle and Roth, 2003)
  Offers made 1 year before start date, decreased mobility + scope of market

- College football bowl (post-season) games: inception–1992 (Fréchette et al., 2007)
  Bowls scheduled several weeks before end of regular season; coordination increased efficient matchings, viewership

- Law clerk hiring, inception–2017 (Avery et al., 2007)
  Hiring for clerkships began years in advance, with "exploding offers"; attempts at regulation had high non-adherence rates. New government-run online system (OSCAR) has improved coordination, match quality

- Pathology Fellowships, inception–2025(?) (Herrmann et al., 2022)
  Many offers made over 2 years in advance; joined NMRP this year in attempt to coordinate

intro
○●○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

We provide evidence of unraveling with modern empirical methods

Previous unraveling papers examine decentralized markets, and data is often incomplete + collected via surveys

In this paper, we examine unraveling in the higher education context, studying a centralized market where unraveling shifted risk from students to universities

Research questions

1. What determines a university's decision to adopt unconditional offers? How does this lead to unraveling over time?
2. What are the welfare impacts of this unraveling on student welfare, as measured by both their short-term utility and their long-term outcomes, such as college graduation and earnings?

intro
○○●○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

Connections to other strands of literature

Theoretical modeling

- **Unraveling**: Roth and Xing (1994); Li and Rosen (1996); Suen (2000); Ostrovsky and Schwarz (2010); Saitto et al. (2024)
- **College admissions**: Avery and Levin (2010) (Early Decision), Lee and Suen (2022) (gaming + standardized tests)
- **This paper:** focus on behavior of universities, and dynamic response

Structural estimation

- Recent literature estimating preferences in admissions: Kapor (2024); Ajayi and Sidibe (2020); Bleemer (2024); Agarwal and Somaini (2020)
- **This paper:** incorporate risk preferences, dynamic evolution

Today: Descriptive evidence about incentives, models of students + uni behavior

intro
○○○●○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

Outline

Outline

Agents in the UK college admissions system

Students $i \in I$

- Apply in year 13, usually 18 years old
- ~750k applicants, ~500k offers
- Restrict to first-time domestic applicants

Courses $s \in S$

- Students apply to *courses*, programs at a university in a specific major (Politics and History at Newcastle, Modern Languages at Oxford, etc.)
- ~35k different courses at ~400 universities
- Fees capped to £9,535 for domestic applicants, few price differences at uni level

intro
00000

background
●000000000

who gives u offers
0000

student response
0000000

uni response
000000

modeling
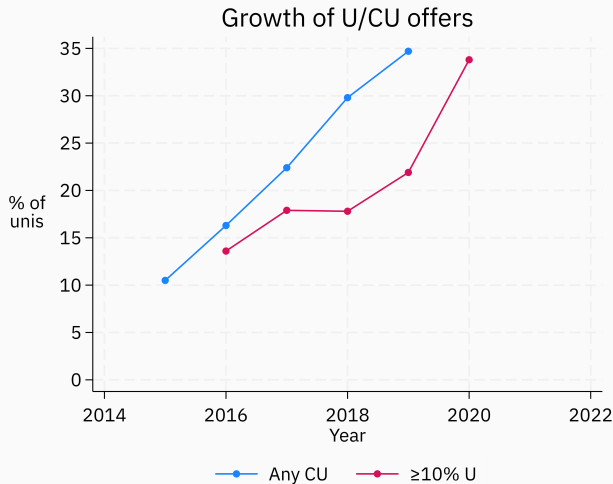000000000

Timeline of UK college admissions

Jan   Apply for ≤ 5 courses through UCAS, centralized admissions system
     Application includes personal statement, GCSEs (year 11 tests), AS-levels (year 12), A-levels (year 13 tests) **predicted** by teachers

Mar   Offers made by universities **conditional** on unrealized A-level results

May   Students take A-levels, usually ≥ 3 for college applicants

Jun   Students rank ≤ 2 received offers, decline others; binding rank

Aug   **achieved** A-level results released, students attend 1st choice if they meet conditions; else, 2nd if meet conditions
     Students who miss conditions can still receive offers at course's discretion
     10% miss conditions of 1st choice, go to 2nd choice
     10% miss both conditions, unmatched

intro
background
who gives u offers
student response
uni response
modeling

The rise of unconditional offers

Most offers **Conditional (C)**, as just described

2013: start + rapid growth of two other offer types:

- **Unconditional (U)** offers: students were admitted with no conditions for their end-of-year exams

- **Conditional Unconditional (CU)** offers: admitted with no conditions *only if* that university was their first choice
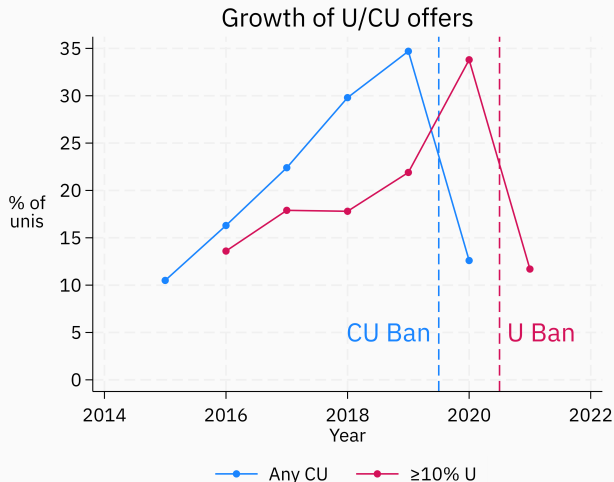

Growth of U/CU offers

intro
○○○○○

background
○○●○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

The fall of unconditional offers

2020: UK government bans CU offers b/c COVID-19, concerns of pressure on students

2021: UK unis created "Fair admissions code of practice", limiting use of U offers

- EOY exams already completed (i.e., adult applicant)
- Course with interview/audition/portfolio
- Mitigating circumstances
- Courses designed to be nonselective

Growth of U/CU offers

intro
○○○○○

background
○○○●○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○○○○

modeling
○○○○○○○○○○○

Use data from UCAS on universe of UK college applications

Analyze college applications from 2012–21, restricted to 18-year old first-time applicants, including:

- Application portfolio
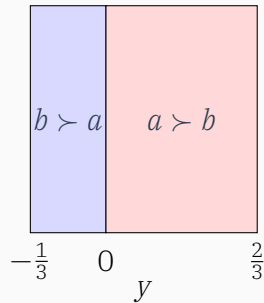- Application results (including type of offer, ranking)
- College matriculation, graduation
- Demographic covariates
- Test scores (achieved and predicted)

Benefits of setting

- Data from UCAS, centralized application platform
- Unraveling on a single dimension which is observed

intro
○○○○○

background
○○○○●○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○

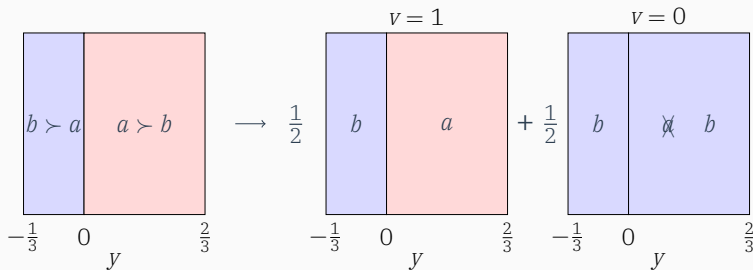## Quick model à la Avery and Levin 2010 describing incentives at play

- Two schools, a and b, with capacity $\frac{1}{3}$ and $\frac{2}{3}$
- Unit mass of students with
    - Taste parameter $y \sim \left[-\frac{1}{3}, \frac{2}{3}\right]$ where $y > 0 \iff a \succ b$
      $u_i^a(y) = 1 + Ay$, where $A > 0$
      $u_i^b(y) = 1 - By$, where $B > 0$
    - Ability $v \sim$ Bernouilli(0.5) revealed by required test at $t = 1$ which costs effort c
- Schools make offers before v revealed; offers conditional on v
- Schools prefer higher-ability students w/ interest
  $u_a^i(y) = v + \alpha * y$
  $u_b^i(y) = v - \alpha * y$
- Students rank ≤ 2 schools, attend highest-ranked where conditions met

intro
ooooo

background
ooooo●oooo

who gives u offers
oooo

student response
ooooooo

uni response
oooooo

modeling
ooooooooooo

Quick model à la Avery and Levin 2010 describing incentives at play (2)
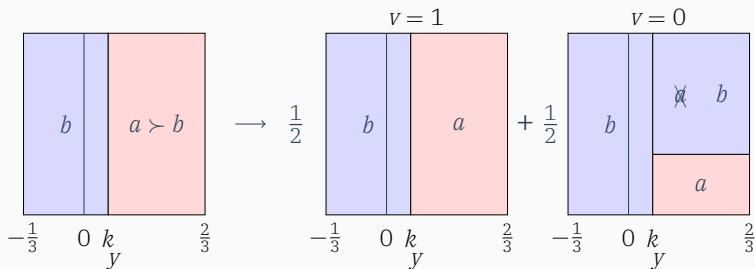
If a and b both use conditional offers, then

- Students rank $a \succ b$ iff $y > 0$
- a offers to all students, admits iff $v = 0$
- b offers to all students, always accepts

intro
○○○○○

background
○○○○○○○●○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

If b uses unconditional offers, then

- b makes an unconditional offer to all, allowing them to not take test
- Students rank $a \succ b$ iff $y > k > 0$; weak enough preference for a means students would rather take b than take test and incur c
- a offers to all students, admits all with $v = 1$ and some with $v = 0$

intro
○○○○○

background
○○○○○○○●○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

Quick model à la Avery and Levin 2010 describing incentives at play (4)

both conditional
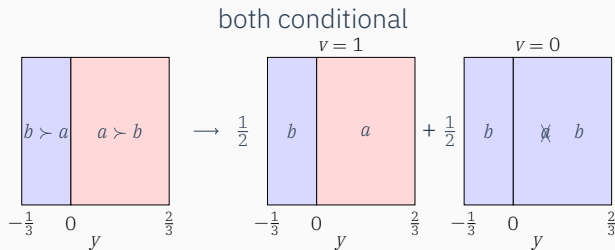
b's U offers draw high-ability students who would otherwise attend a

As a's value increases, fewer students diverted to b
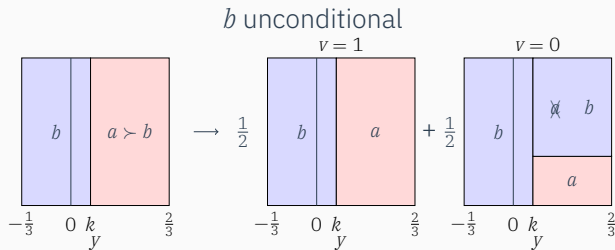
Impacts on a are ambiguous — better match quality, lower academic quality

intro
○○○○○

background
○○○○○○○○●○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

Incentives affecting agents make welfare ambiguous

	Courses	Students
Positive	Increased enrollment (particularly if spare capacity)	Certainty over decision-making
		Less stress in exam-taking
	Increased student quality, if offer sufficiently attractive	Increased match rate
Negative	Admits have fewer signals of ability	Potential employment effects (reduced learning, direct signal)
	Admits may have learned less in HS	Lower match quality
	Adverse selection of students	

intro
○○○○○

background
○○○○○○○○○●

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

Outline

U offers driven by low, medium tariff universities

Growth of U offers by Tariff Group

% of
U offers

High · Medium · Low

intro
○○○○○
background
○○○○○○○○○
who gives u offers
●○○○
student response
○○○○○○○
uni response
○○○○○○
modeling
○○○○○○○○○
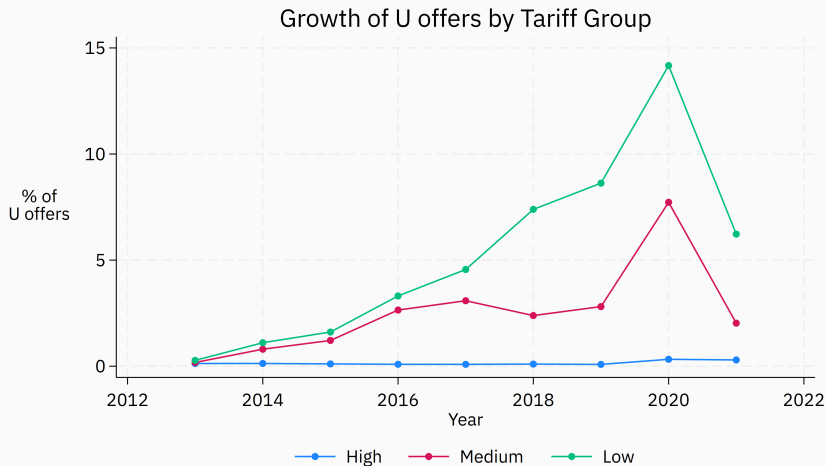
CU offers driven by medium tariff universities

Growth of CU offers by Tariff Group

% of CU offers

— High — Medium — Low

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○●○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○
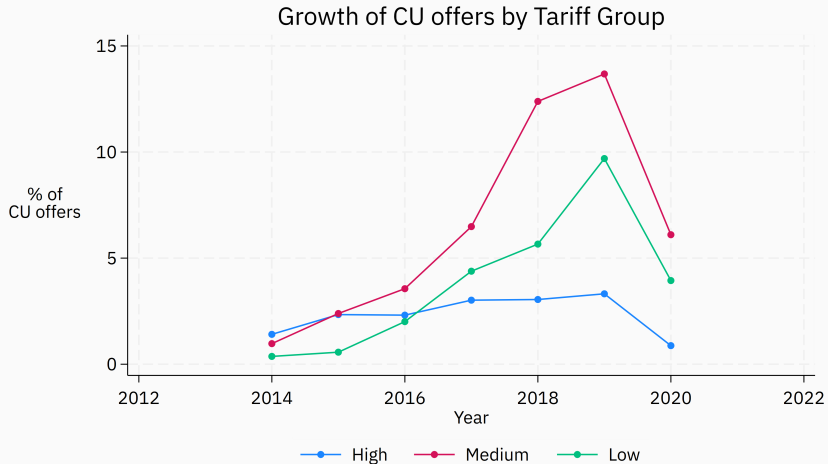
U offers given by lower-achieving and less-popular courses

	(1) Frac. U offers	(2) Frac. U offers > 0
Avg. GCSE ptile, 2012 admit class	-0.0421** (0.0179)	-0.284*** (0.00821)
Avg. A-level ptile	-0.127*** (0.0173)	0.0292 (0.00883)
Yield rate, 1st (lowest) quintile	0.0420*** (0.00481)	0.0944*** (0.0148)
2nd quintile	0.0472*** (0.00539)	0.132*** (0.00272)
3rd quintile	0.0369*** (0.00371)	0.0901*** (0.0130)
4th quintile	0.0194*** (0.00334)	0.0553*** (0.0124)
Observations	16115	16115

Regress fraction of U offers on course characteristics using 2012 data

Sample includes all courses from 2013 to 21 in the 20 most popular majors. Include year, major, tariff group FEs.

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○●○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

who gives u offers   lower-ranked unis
less-popular universities

intro
ooooo

background
oooooooooo

who gives u offers
ooo●

student response
ooooooo

uni response
oooooo

modeling
ooooooooo

Outline

Unconditional offers increase proportion of 1st choices, eventual enrollment

	(1)	(2)
	1st choice	Enroll
0% - 1%	0.00405	0.00523
	(0.00450)	(0.00446)
1% - 10%	0.00405	0.00523
	(0.00450)	(0.00446)
10% - 20%	0.0122*	0.0182***
	(0.00526)	(0.00534)
20% - 50%	0.0265***	0.0326***
	(0.00590)	(0.00604)
50% - 100%	**0.0361***	**0.0424***
	(0.00597)	(0.00596)
Constant	0.0478***	0.0545***
	(0.00688)	(0.00678)
Observations	1099	1099
Sample Mean	0.267	0.232
Sample SD	0.133	0.117

Standard errors in parentheses.

Regressions of students' behavior (rank as 1st choice, enrollment) on bins of U-offer rate

Regression includes year + university FEs. Baseline is 0% U/CU offers

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
●○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○

With a U/CU offer, less likely to choose top, be unmatched

	(1) Rank top offer first	(2) Rank top offer first	(3) Unmatched in main
Has U/CU offer	-0.048***	-0.045***	-0.124***
	(0.003)	(0.003)	(0.003)
Baseline academics	0	1	1
Observations	186,087	168,579	168,579
Mean Outcome	0.386	0.390	0.236

Include course, year FE, and restrict to students w/ $\geq$ 3 offers.

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Regress student offer response (2013–21) on U/CU offer, academic characteristics

Baseline academics include GCSE scores, predicted A-level percentile, and their squares.

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○●○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

Yield sharply increases when courses start giving U offers

Rate of 1st choices by first year of >10% U offers

intro
○○○○○

background
○○○○○○○○○

who gives u offers
○○○○

student response
○○●○○○○

uni response
○○○○○○

modeling
○○○○○○○○○

Students preferentially choose U/CU offers over "better" universities

	(1) Choose as 1st	(2) Choose as 2nd	(3) Decline
U or CU offer	**0.189*****	**-0.027*****	**-0.162*****
	(0.004)	**(0.003)**	**(0.003)**
2nd highest avg. income of offers	-0.078***	0.071***	0.007***
	(0.003)	(0.002)	(0.002)
3rd+ highest avg. income of offers	-0.155***	0.109***	0.045***
	(0.003)	(0.002)	(0.002)
Observations	1,013,741	1,013,741	1,013,741

Standard errors in parentheses. Include course, year FE, # of Us+CUs. Restrict to students w/ ≥ 3 offers.

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Regress student offer response (2013–21) on offer type, exposure to U/CU offers, and rank of uni in offer set

Rank determined by average post-course earnings of students in 2011

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○●○○○○

uni response
○○○○○○

modeling
○○○○○○○○○○

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intro
ooooo

background
oooooooooo

who gives u offers
oooo

student response
ooooo●o

uni response
oooooo

modeling
oooooooooo

Students with U/CU offers "undermatch" vs. peers of same ability

	(1) GSCE ptile in enrolled course	(2) ALevel/BTEC pctile in enrolled course
Has U/CU offer	8.386***	5.438***
	(0.135)	(0.122)
Observations	127,572	127,572
Mean Outcome	47.028	47.610

Include course, year FE, and restrict to students w/ $\geq$ 3 offers.

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Regress student characteristics at their enrolled university on U/CU offer, academic characteristics

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○●○

uni response
○○○○○○

modeling
○○○○○○○○○○

who gives u offers   lower-ranked unis
less-popular universities

student response   rank U offers higher
decrease in match quality
increase in match rate

intro

background

who gives u offers

student response

uni response

modeling

Outline

Ability is the strongest predictor of CU/U offers

	(1) CU offer	(2) U offer	(3) C offer
Low-SES neighborhood	-0.002***	0.000	0.001**
	(0.000)	(0.000)	(0.001)
Female	0.009***	0.003***	-0.014***
	(0.001)	(0.000)	(0.001)
GCSE core ptile	**0.154*****	**0.052*****	-0.223***
	(0.007)	(0.003)	(0.007)
A-level pctile (achieved)	**0.181*****	**0.070*****	-0.252***
	(0.006)	(0.003)	(0.007)
Observations	1,913,966	1,913,966	1,913,966
R-squared	0.293	0.289	0.263

Regress offer type on student characteristics

Restricted to offers in 2014–19 from courses that ever give $> 10\%$ U-offers. SEs clustered at course level. All regressions include FEs for year, course, school, race indicators, and disability indicators.

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intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
●○○○○○

modeling
○○○○○○○○○○

Admitted classes have higher predicted scores, lower achieved scores

	(1) A-level pctile (pred.)	(2) A-level pctile (act.)
0% - 10%	0.00149	-0.00697***
	(0.00135)	(0.00133)
10% - 25%	**0.0111***	**-0.00646***
	(0.00181)	(0.00179)
25% - 50%	**0.0136***	**-0.0113***
	(0.00207)	(0.00198)
50% - 75%	**0.0157***	**-0.0162***
	(0.00279)	(0.00274)
75% - 100%	**0.00771***	**-0.0228***
	(0.00391)	(0.00393)
Constant	0.465***	0.495***
	(0.000481)	(0.000461)
Observations	65499	65718
Sample Mean	0.468	0.492
Sample SD	0.184	0.190

Standard errors in parentheses. *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Regress academic characteristics of enrolled students on bins of U-offer rate

- Moral hazard: U/CU students no longer try on A-levels
- Adverse Selection: U/CU students have low private signal

Regression includes course, year FEs. Baseline is 0% U-offer.

Admitted classes become more advantaged as well

	(1) Female	(2) Low-SES neighborhood	(3) White
0% - 10%	0.00151	-0.00164	0.00198
	(0.00313)	(0.00327)	(0.00277)
10% - 25%	0.00693	-0.00286	0.00284
	(0.00432)	(0.00448)	(0.00364)
25% - 50%	0.00493	**-0.0150****	**0.0140*****
	(0.00468)	(0.00497)	(0.00415)
50% - 75%	0.00476	**0.00268**	**0.0183*****
	(0.0061)	(0.00663)	(0.0054)
75% - 100%	0.00842	**-0.0296*****	**0.0337*****
	(0.00828)	(0.00878)	(0.00701)
Constant	0.545***	0.304***	0.778***
	(0.00115)	(0.00121)	(0.001)
Observations	67397	67373	67397
Sample Mean	0.547	0.302	0.78
Sample SD	0.35	0.276	0.281

Standard errors in parentheses.

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$

Regress enrolled student demographic characteristics on bins of U-offer rate
Regression includes course, year FEs. Baseline is 0% U-offer.

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○●○○○

modeling
○○○○○○○○○○

Unis who give out U offers increase in popularity+HS grades, but A-levels drop

	(1) Frac. U offers	(2) Frac. U offers > 0
Avg. GCSE ptile	.0596***	.0842
	(.0176)	(.0590)
Avg. A-level ptile	-.164***	-.302***
	(.0168)	(.0502)
Yield rate, 1st (lowest) quintile	-.0852***	-.148***
	(0.00627)	(.0179)
2nd quintile	-.0575***	-.110***
	(0.00564)	(.0168)
3rd quintile	-.0339***	-.0702***
	(0.00516)	(.0160)
4th quintile	-.0231***	-.0530***
	(0.00421)	(.0140)
Observations	16115	16115

Regress fraction of U offers on course characteristics of that year's admitted class

Sample includes all courses from 2013 to 2021 in the 20 most popular majors. Include year, major, tariff group FEs, and controls for 2012 admit class characteristics/quintile of yield rate.

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○●○○

modeling
○○○○○○○○○○

Adoption of U offers occurs in response to peer institutions

	(1)	(2)
	U offers > 10%	U offers > 10%
1 U-giving peer	0.0509**	0.0462**
	(0.0172)	(0.0143)
2 U-giving peers	0.0815**	0.0904***
	(0.0297)	(0.0264)
3 U-giving peers	0.147**	0.136**
	(0.0529)	(0.0421)
4 U-giving peers	0.364***	0.274***
	(0.0969)	(0.0757)
5 U-giving peers	0.359***	0.292***
	(0.103)	(0.0818)
6 U-giving peers	**0.549***	**0.486***
	(0.101)	(0.0892)
7 U-giving peers	**0.910***	**0.658***
	(0.0190)	(0.0299)
Extra FEs	0	1
Observations	28332	28332

Regress whether use U-offers on whether peers do
Peers if >5% of c's offers admitted to b, and ratio ranking c 1st vs. b is in $[0.5, 1.33]$

All regressions include Year FE. Extra FEs are those for uni, major, and dummies for the number of peers.

intro
background
who gives u offers
student response
uni response
modeling

The story so far

who gives u offers
lower-ranked unis
less-popular universities

student response
rank U offers higher
decrease in match quality
increase in match rate

uni response
give U offers to (at baseline) higher-ability students
increase in enrollment, baseline scores
decrease in achieved scores
occurs in response to peers

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○●

modeling
○○○○○○○○○○

Outline

Model based on Kapor (2024); work backwards from students' final rankings

Let student i's utility for course s (including outside option 0) after receiving offers be

$$u_{is} = U_{is} + \varepsilon_{is}^{\text{enroll}}$$

where

U_{is} i's ex-ante utility for s (i.e., before receiving offers)

$\varepsilon_{is}^{\text{enroll}}$ a nested logit shock with parameter λ comparing outside option (0) and "inside" options (courses where i admitted)

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
●○○○○○○○○○

Students then rank offers to maximize utility

Following Agarwal and Somaini (2018), let students have (accurate) beliefs L_{R_i} about admissions to each course if they submit ranklist R_i

Incur cost $c_i^{\text{test}} = \gamma_z^{\text{test}} z_i^{\text{prefs}}$ when studying EOY exams, 0 if exams not required, where z_i^{prefs} is a vector of student characteristics impacting preferences

Students choose ranklist R_i to maximize expected utility; implies MLE estimator

$$\hat{\theta} = \arg \max_{\theta} \sum_{i=1}^{N} \log \mathbb{P} \left[R_i = \arg \max_{R_i} u_{is} L_{R_i} - \gamma_z^{\text{test}} z_i \middle| z_i; \theta \right]$$

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○●○○○○○○○○

Course give offers to their cohort of most-preferred students

Course j's utility for student i is

$$\pi_{is} = z_i^{\text{admit}} \gamma^{\text{admit}} + q_i + r_i + \mu_{is}^{\text{admit}}$$

z_i^{admit} vector of student characteristics used for admission (predicted A-levels, GCSEs, SES)

q_i ability parameter commonly observed by all courses (i.e., teacher recs, extenuating circumstances)

r_i ability parameter which courses observe only via EOY test

s_i^q, s_i^r signals observed by students; jointly normal with q_i, r_i, respectively

μ_{is}^{admit} is an iid $N(0,1)$ course-specific shock to s of admitting i, observed only by courses

Course s gives C offer (resp. U offer) if $\pi_{is} \geq \underline{\pi}_s^C$ (resp. $\pi_{is} \geq \underline{\pi}_s^U$). C offers come with additional threshold $\underline{r}_s^C$ which must be met to be admitted.

intro
00000

background
0000000000

who gives u offers
0000

student response
0000000

uni response
000000

modeling
00●000000

Course s believes student of type $z_i^{\mathrm{admit}}, q_i$ with a C offer will attend with probability

$$\mathbb{P}\left[i \text{ attends } s \mid U\right] = \left(1 + \exp\left(\beta_s^{z,U} z_i^{\mathrm{admit}} + \beta_s^{q,U} q_i\right)\right)^{-1}$$

From this, back out per-year aggregate "outside option" utility for each student type (treating true student utility for s as comparison as known)[1]

Use years with C and U offers to estimate "value" of a U offer, from s's perspective

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[1] This is done because courses are unaware of a students' exact application portfolio.

intro
00000

background
0000000000

who gives u offers
0000

student response
0000000

uni response
000000

modeling
000●00000

Students apply to courses to maximize expected utility

Let student ex-ante utility for course s be

$$U_{is} = \delta_s + w_s \beta_i^w + x_{is} \beta_i^x + z_{is}^{\text{admit}} \beta_i^z + v_{is}^{\text{admit}}$$

δ_s school-specific quality term

w_s vector of school characteristics, with random coefficients $\beta_i^w \sim N(0, \sigma^w)$

x_{is} preference shifters (distance to college, indicator for nearby college, Russell Group$\times z_i^{\text{admit}}$

z_{is}^{admit} vector of student characteristics used for admission (predicted A-levels, GCSEs, SES)

v_{is}^{admit} is an iid $N(0, \sigma_s^2)$ course-specific shock, $\perp z_i, x_{is}$

intro
ooooo

background
oooooooooo

who gives u offers
oooo

student response
ooooooo

uni response
oooooo

modeling
ooooo●oooo

Students then choose portfolio given expected utilities

Expected value of portfolio A is

$$V_i(A) = \sum_{B \subseteq A} P_i(B; A) \log \left(1 + \left(\sum_{s \in B} \exp \left(u_{is}/\lambda \right) \right)^{\lambda} \right)$$

where $P_i(B; A)$ gives the probability of being admitted to only the subset $B \subseteq A$.[2]

Students choose an application portfolio A to maximize $V_i(A) - C(|A|)$, where C is a cost function for the size of the application portfolio

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[2]Kapor(2024) provides a way to compute these probabilities quickly, using only $P(B; B)$ for every subset $B \subseteq A$.

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○●○○○

What pins down what?

Student preferences, costs   Pre-existing partnerships between universities and secondary schools, contextual admissions

Choice decisions between cohorts before/during/after era with unconditional offers

Admission parameters   Distance to colleges, characteristics $\times$ university type, differential exposure to competitors

intro
ooooo

background
oooooooooo

who gives u offers
oooo

student response
ooooooo

uni response
oooooo

modeling
oooooo●oo

Computational procedure for estimation

- Aggregate courses by major $\times$ tariff group, allowing students to apply to a tariff group multiple times
- Use GMM to maximize the likelihood of observed application sets, admissions decisions, and choices
- Estimate per-course effects on outcomes, including wages, college graduation
- Compute counterfactuals in absence of unconditional offers

intro
○○○○○

background
○○○○○○○○○○

who gives u offers
○○○○

student response
○○○○○○○

uni response
○○○○○○

modeling
○○○○○○○○●○

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High-SES, higher-achieving students receive more U/CU

Table shows mean applicant characteristics for courses, split by offer type.[3]

	Receive CU		Receive U		Receive C	
	Mean	*N*	Mean	*N*	Mean	*N*
Low-SES neighborhood	**0.27**	229,089	**0.35**	110,141	**0.34**	1,902,831
Female	0.60	229,285	0.60	110,254	0.55	1,904,804
Low-SES parent occ.	**0.19**	229,285	**0.24**	110,254	**0.22**	1,904,804
White	0.77	229,285	0.80	110,254	0.75	1,904,804
Black	0.05	229,285	0.05	110,254	0.06	1,904,804
Disabled	0.09	229,285	0.10	110,254	0.08	1,904,804
Only A-level tests	0.89	194,230	0.82	81,451	0.86	1,593,058
Only BTEC tests	0.13	222,549	0.22	104,283	0.14	1,842,258
GCSE core ptile	0.55	228,276	0.45	109,535	0.45	1,890,153
Alevels/BTEC ptile	**0.56**	217,589	**0.49**	100,236	**0.42**	1,791,337

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[3] IMD is the SES quintile, 1 the lowest.

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