Ticket to the middle class? Long term effects of Public Universities on Labor market and Financial outcomes.*

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October, 2021

Abstract

This paper examines how public higher education affects later-life labor market and financial outcomes by employing the admission policies of a selective public university. To do so, we construct a novel dataset from administrative sources linking educational outcomes, labor market and credit market outcomes up to 18 years after college entry for applicants to a university in Colombia. The university admission is based solely on the national high school exit examination. We estimate the effects of being just above the university admission cutoff using a fuzzy regression discontinuity design. Students above the cutoff are 7 percent more likely to graduate and observe 27 percent earning returns by their mid-thirties. Moreover, scoring just above the admission cutoff has a persistently higher effect on accessing consumer credit and higher probabilities of homeownership as measured by outstanding mortgage loans in the mid-thirties. The results on financial indicators provide evidence on the impact on college education on dimensions such as asset accumulation and financial inclusion describing economic wellbeing in the long term.

Preliminary draft. Please do not cite or distribute without permission.

JEL codes:I22,I23, I26, D31
Keywords: post-secondary education finance, public universities, regression discontinuity.

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