

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

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Abstract

We provide new evidence of the causal impact of college education on asset accumulation and consumption, as well as short and long-term effects on earnings. Our empirical strategy uses a fuzzy regression discontinuity design employing the admission policies of a selective public university in Colombia. To do so, we construct a novel dataset from administrative sources following applicants' educational outcomes, labor market and credit market outcomes up to 18 years after college entry. Scoring above the threshold increases homeownership rates by 12 percent as measured by outstanding mortgage loans by the mid-thirties. We show that the impacts on earning returns and asset acquisition take longer to realize, whereas the gains in credit market access materialize immediately after graduation. Scoring above the admission threshold has close to zero earning returns in the short term, but annual earnings increase by 30 percent when measured in their mid-thirties. Scoring just above the admission cutoff increases access to consumer credit by 4 percent seven years after admission. The results on financial indicators shed light on the impact on college education on dimensions such as asset accumulation and financial inclusion describing economic wellbeing in the long term.

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