

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

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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 admission cutoff are 7 percent more likely to graduate and observe a 27 percent earnings return by their mid-thirties. Moreover, scoring just above the admission cutoff has a persistently higher effect on accessing consumer credit and a higher probability of homeownership as measured by outstanding mortgage loans in the mid-thirties. The results on financial indicators provide evidence of the impact on college education on dimensions such as asset accumulation and financial inclusion describing long-term economic wellbeing.

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