

# College admissions with a local context GPA: Giving good students better college options

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October 17, 2022

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## **Abstract**

This paper examines the impact of providing students with access to more selective college alternatives. I use a change in the admission assignment mechanism in the Chilean college system, which was motivated by concern for equity, to classify students into three groups: (i) students who gain access to more selective programs (pulled-up), (ii) students who lose access to more selective programs (pushed-down), and (iii) students whose admission was unaffected (controls). I use a difference-in-differences design to estimate the impact on enrollment, graduation, and earnings for the two groups of affected students throughout the entire system. I find that the incorporation of an in-school performance metric into the college admissions review expanded the options available to students from less educated and lower-income families. As a result of the reform, pulled-up students are more likely to enroll in a selective option, and they prefer to enroll in options where their peers have higher test scores, GPA scores, and graduation rates. Contrary to the prediction of the mismatch hypothesis, reform-targeted applicants with lower test scores gained from enrolling in more selective options, boosting their likelihood of graduation by 8.4 percentage points. For pushed-down students, I find that their likelihood of graduating from a less selective option decreases by 8.2 percentage points, but they are not less likely to receive a bachelor's degree, nor were their wages negatively impacted by the reform. My findings indicate that it is possible to boost admissions fairness without incurring an efficiency penalty.

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# Introduction

The notion of education, especially high return degrees, as a vehicle for upward social mobility makes the topic of how students access different universities policy relevant. Admissions policies at selective colleges tend to primarily rely on standardized test scores, but the consistent evidence of disparities in test scores between student from different backgrounds has sparked a policy discussion regarding equity issues. Interventions in the admissions process, such as affirmative action and top-percent policies in the United States, are instances of this effort to close the observed admissions equity gap. However, the undetermined effect of admission interventions on retention, graduation, and earnings has raised worries about a potential conflict between equity in admission and its impact on the efficiency of the higher education system.

Estimating the causal effect of any intervention is difficult, but even more so when it is difficult to identify the treatment groups. In the setting of selective colleges and fixed capacity, equity admission interventions are subject to an intrinsic trade-off: when one group's admission is made more competitive, another group's admission becomes less competitive in comparison. Identification of the second group is typically more difficult due to the need for specific understanding of the admissions requirements at selective institutions. Moreover, in order to evaluate the potential (outcome) efficiency impact of an admission intervention, the typical challenges of estimating the causal effect on a single group are still present: a sound empirical design and data availability in relevant outcomes, among others.

This paper extends the knowledge around the effect of admission to selective colleges and equity admission interventions by studying not only the direct effects but also the indirect effects on the entire college system. In order to do it, I exploit a unique and comprehensive equity reform in the Chilean college admission system that incorporates a local context GPA measure ( $\text{GPA}^+$ ) into the application process. The purpose of the reform was to include a measure that took into account the between-school disadvantages and allow “good” students with fewer educational opportunities in the past to be more competitive in college application. The new measure is a score based on the high school

GPA score of the student adjusted by a boost when students perform above the historic average of students of their same high school, therefore the local context name. The new measure created three groups of students: (1) students that got access to better admissions (pulled-up), (2) students that got access to worse admissions (pushed-down), and (3) students that didn't have their admissions affected (control). I conduct a comprehensive analysis to identify and characterize the two groups of treated students. Additionally, I estimate the effect of the reform in terms of human capital acquisition and labor market outcomes in order to account for the allocative efficiency impact in aggregate terms.

I find that the reform gave access to more selective college options to students from lower income and less educated families, but with good relative performance in high school. Getting access to these programs made pulled-up students more likely to enroll in a selective college, and made them more likely to attend programs where their classmates had higher test score and higher GPA in high school, as well as higher probability of graduating on time. Contrary to the mismatch hypothesis, that established that low-test students targeted by equity admission programs would be better off by attending programs where they match their peer characteristics, I find that the probability of graduation from the more selective program increases by 8 p.p. and preliminary results suggest that earnings increase. For pushed-down students, probability of enrollment in selective college options decreases, but there is no change in the probability of college attendance due to the increase in non-selective enrollment and the increase of enrollment in the selective system after the first year. Overall, the evidence confirms that the inclusion of the local context GPA measure to the college admission process increases admission equity without an efficiency loss.

Specifically, I exploit the variation generated by the local context GPA reform to identify the effects of access to better college options to students who didn't have those options in the past. Contrary to most papers that look at only one margin of selectivity, I look at the effects in the entire system, where a more selective program means that students are required better academic performance to be admitted than in a less selective

program.<sup>1</sup> Additionally, I assess the indirect effect of giving access to better college options to students that normally wouldn't have those options, by estimating the effect on students who, as a consequence of the admission reform, were displaced from their college options in the selective system. Finally, the availability of the data allows me to track students through the entire college system (including the non-selective universities) to understand the ways that students respond to admission changes.

I use the rich information on preferences contained in students' rank order lists and the transparency of the college admission rules to simulate students' assignment under the two admission regimes: status quo (SQ), pre-reform, and GPA<sup>+</sup>, post-reform. Then, by replicating the mechanism used to match students to programs -the Deferred Acceptance (DA) algorithm- I simulate the counterfactual assignment that students would have gotten under the two regimes. This allows me to identify the set of students that could gain access to a better program with the reform - pulled-up - and those who could lose access to the programs that they used to access - pushed-down.

To estimate the causal effect of the reform on pulled-up and pushed-down students, I use a difference-in-differences design for outcomes on human capital acquisition and labor market outcomes. This procedure compares students in the same treatment group, before and after the reform was implemented. In order to control for time changes I use the information from students who got access to the same programs with and without the GPA<sup>+</sup>. The variation induced in the outcomes of interest by the implementation of the reform is unrelated to unobservable characteristics that also determine the outcomes, allowing for a causal interpretation of the effect of giving access to more selective programs.

The primary identification assumption is that in the absence of the reform, the trend in the outcomes of interest for pushed-up, pulled-down, and control groups would have evolved similarly - also known as parallel trends. In order to check this assumption, I conduct a placebo exercise; following the same strategy to classify students into the three

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<sup>1</sup>Black et al. (2020) look at enrollment in UT Austin with the implementation of Texas Ten Percent policy and Bleemer (2021) analyse the university of California system with the implementation of Eligibility in the Local Context.

relevant groups I use the same diff-in-diff specification for cohorts for which no reform was implemented (2011 and 2012). I find no significant difference between them when no reform is implemented. For the identification of the treatment groups the main assumption is that the rank order list reported by students doesn't change with the incorporation of the local context GPA measure in the application score. Without restrictions in the report of preferences, the dominant strategy for the DA algorithm is to report preferences truthfully (Gale & Shapley, 1962; Roth, 1982). I assume that student preferences over programs don't depend on the inputs used by the assignment mechanism (test scores, GPA and GPA<sup>+</sup>), and I use the fact that most students' list fewer than the maximum number of choices (Haeringer & Klijn, 2009; Pathak & Sönmez, 2013) in order to support the use of the reported rank order list to estimate the counterfactual assignment. However, a more recent literature has suggested a reporting behavior dependant on the feasibility of the options (Fack et al., 2019; Larroucau & Rios, 2018). Because the introduction of the boost could have changed those options for student with a high boost I test the sensibility of my results. I find the same qualitative and quantitative results when excluding from the analysis students with a boost score in the highest percentile.

My results align with the results from other equity admission interventions that find that access-oriented admission policies at selective universities can promote economic mobility without efficiency losses (Otero et al., 2021; Bleemer, 2021; Black et al., 2020). Consistently with the results reported in Black et al. (2020) for the Texas Top Percent policy, I find similar graduation rates (inferred) for pulled-up students than for the average students pre-reform, suggesting that pulled-up students didn't struggle more.

This paper contributes to the understanding of equity admission interventions and the effect of admission to more selective universities for students who would not normally have access to them by including the general equilibrium effect, i.e. effects on pushed-down students, and by examining the effect on the entire college system (selective and non-selective institutions). I build on prior empirical research employing a difference-in-differences approach, and take advantage of the transparency of the admission criteria in order to precisely identify the treatment groups resulting from the admission reform. Un-

like earlier studies, this admissions change affected the full spectrum of selective colleges, not just access to a single institution. I contribute to the literature on the mismatch hypothesis by providing additional evidence against it in an environment that stands out as suited for evaluating it.<sup>2</sup>

The rest of the paper is organized as follows. In Section ?? I discuss the literature more related to this paper; Section 1 present outline the features of the Chilean setting, the policy and the data sources; Section 2 present the empirical framework and the empirical strategy to first, identify the treatment groups, and then, to estimate the treatment effect on those groups. Section 3 present the results for enrollment and graduation; results like the effect of selectivity on STEM applicants and testing the mismatch hypothesis are also discussed at the end of this section. Section 4 shows the robustness of the results to different samples and inference specification and Section 5 concludes.

## 1 Context

The Chilean college admission system is an ideal setting to evaluate the effects of an equity admission intervention. Its test-based meritocratic system stands out for its transparency and the availability of rich administrative data, which allows for a clear identification of the students affected by the reform. The detailed information about the inclusion of the local context GPA measure of the 2013 reform allows for the construction of the measure even years before the reform was implemented which facilitates the construction of meaningful counterfactuals for winners and losers of the reform.

### 1.1 Chilean College Admission System

The admission process to selective universities in Chile is a centralized score-based meritocracy, based solely on standardized admission test scores and the high school GPA score of the students. The assignment mechanism - that uses a deferred acceptance (DA) algorithm- generates a seemingly strategy-proof environment and can be replicated, two

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<sup>2</sup>This literature focus on the potential negative effects of college selectivity on students admitted trough alternative mechanisms to academic performance.

key characteristics to implement my empirical strategy.

## **The college system and application procedure**

The Chilean college system has selective (public and private) and non-selective (private) colleges.<sup>3</sup> To enroll in a selective university students have to (i) graduate from High School, (ii) take the standardized admission test at the end of the academic year, (iii) submit a rank ordered list of their preferences to the centralized admission system after learning about their test results. This process happens once-a-year and students can enroll only if they get an admission offer. To enroll in a non-selective college, students have to apply directly and follow the requirements of each institution.

An important difference from other college systems is that it is organized around programs, instead of majors and universities. Programs have a highly fixed curriculum (which makes switching programs hard and not common) with expected times for graduation between 4 to 7 years (5 being the mode). In most programs, students earn an academic degree after 4 years but they are required to attend a 5th year and pass a licensing exam to earn their professional degree and complete graduation. Programs provide the complete certification for most occupations, such as architecture, law, or medicine. This characteristic of the Chilean college system makes the relationship between college and labor market outcomes tighter compared to other settings.

The centralized admission process was established in the late 1960s in combination with a new admission test (in the same spirit as the SAT) and a single-offer assignment mechanism based on a student-proposing deferred acceptance (DA) algorithm (Gale & Shapley, 1962; Abdulkadiroğlu, Pathak, & Roth, 2005, 2009).<sup>4</sup> The admission tests was redesigned at the beginning of 2000s and consist of a mandatory math and verbal exam, and one additional exam that could be science or history. Tests are taken simultaneously

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<sup>3</sup>In 2012 and 2013 the selective system was composed by 33 universities, which represented around 60% of college students.

<sup>4</sup>It is surprising the lack of recognition given to Erika Grassau and her team in charge of implementing that reform, considering how ahead of time it was when compared with the boom of the implementation of DA mechanisms in the last decade.

at a national level by the end of the academic year.<sup>5</sup> After scores are published (tests and GPA scores), students can start their application - exclusively online through the Department of Evaluation, Measurement and Educational Registration (DEMRE for its acronym in Spanish) website and without any monetary cost - by submitting a list with no more than ten programs, ranked in strict order of preference (their Rank Order List - ROL).<sup>6</sup> Once the application period is finished, the mechanism assigns students to schools using the deferred acceptance (DA) algorithm (Gale & Shapley, 1962; Abdulkadiroğlu, Pathak, & Roth, 2005).

Participation in the admission process is the only channel for students to enroll in any selective program.<sup>7</sup> Because students with higher application scores are more likely to be offered admission to a program than a student with a lower application score, and selection can only be based on that, it is considered a score-based meritocratic system. A program is considered more selective than others if the application score of the last student admitted is higher. The application score is a weighted average of students' high school GPA and standardized test scores. Details on the assignment mechanism will be discussed in the next subsection due to its desirable property of replicability, which will be exploited to determine the group of students affected by the reform.

### **Deferred acceptance algorithm**

The Deferred Acceptance (DA) algorithm is the assignment procedure used to match students to programs, taking into consideration their preferences and the program restriction of vacancies. The variant of the student-proposing DA algorithm used by DEMRE

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<sup>5</sup>Chilean academic year normally goes from March to December, but it is shortened to November in the last high school year

<sup>6</sup>To help applicants in their decision-making, DEMRE distributes a directory that provides an overview of the university admission process, key dates, information about vacancies, extra requirements, and the application score formula for each program for each university. While waiting for their results students can access a simulation mode site with a help video that explicitly states "when selected in one of the preferences all the following ones are eliminated, therefore it is very important the strict order of preferences from higher to lower personal interest."

<sup>7</sup>There are some special admission channels like switching students or students with disabilities but among those quotas admission score is always the selection criteria. This paper focused on the regular admission channel.



establishes that all tied students for the last seat of a program must be admitted. This algorithm can be described as follow: In the initial step, each student proposes to their most preferred program listed in their ROL. Programs provisionally accept students based on their application scores until they fill their total number of seats, rejecting the rest. In subsequent cycles, rejected students propose to their most-preferred program among those that have not previously rejected them, and programs reject provisionally accepted applicants with lower application scores. This process iterates until all students are assigned to a program or all unassigned students have been rejected by every program they have ranked. See Rios et al. (2021) for a thorough description.

A studied theoretical characteristic of the DA mechanism is that it is strategy-proof, which makes reference to the fact that listing programs in order of true preferences is a weakly dominant strategy when students are allowed to rank every program, i.e. it cannot be manipulated by misrepresenting preferences (Dubins & Freedman, 1981; Roth, 1982). In the Chilean case, students are constrained to list only 10 choices, with extra conditions for some universities.<sup>8</sup> Table ?? shows that 90% of applicants rank less than 10 programs with a mode of 3, in which case truthful reporting is a dominant strategy (Haeringer & Klijn, 2009; Pathak & Sönmez, 2013).

## 1.2 Local Context GPA Reform

The local context GPA reform provides the variation needed to study the effect of giving access to more selective programs to students who normally didn't have access to them. The reform created a grade-based measure in the context of a meritocratic admission system, therefore a demographically neutral equity intervention, which could be desirable in contexts where race or gender policies are restricted. The local context GPA measure ( $GPA^+$ ) works by increasing the application score, through a boost, and making more competitive students with good performance at their high schools ( $GPA^+ = GPA + \text{relative boost}$ ). The way that the boost is constructed ensures that all well-performing students get a boost, but students from more disadvantaged schools -lower average GPAs-

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<sup>8</sup>Universidad de Chile and Pontificia Universidad Catolica de Chile limit the applications to their programs, in order to be valid, to the first 4 preferences.

have a higher boost.

Equity concerns around college admission in the 1960s are what motivated the current admission system (meritocratic and transparent). Around the 2000s the admission test was changed in order to address socioeconomic differences in college admission but the socioeconomic gap in test scores persisted, even after controlling for income and parents' education. This evidence fueled a public debate that highlighted the need for a system able to identify high-ability students even when education conditions for them were not optimal to perform in standardized test scores.

In the second half of 2012 academic year, the organization in charge of coordinating selective universities (CRUCH for its acronym in Spanish) informed the incorporation of a third element to calculate students' application scores in the 2013 admission process. The timing was such that students and programs had no scope for strategic responses, as students already have their GPA scores determined and universities have already made their capacity decisions.<sup>9</sup> Before the reform application score ( $s_{ij}$ ) for a student  $i$  to a program  $j$  was calculated as

$$s_{ij} = \alpha_j \text{Tests Scores}_i + \beta_j \text{GPA}_i$$

The weights  $\alpha_j$  and  $\beta_j$  were chosen by the programs under some minimum restrictions defined by the DEMRE such that  $\alpha_j + \beta_j = 1$ .<sup>10</sup> After the reform was implemented, the  $\text{GPA}^+$  measure was included in the formula

$$s'_{ij} = \alpha'_j \text{Tests Scores}_i + \beta'_j \text{GPA}_i + \gamma'_j \text{GPA}_i^+$$

with  $\alpha'_j + \beta'_j + \gamma'_j = 1$ . For its first year,  $\gamma'_j$  was fixed at a mandatory 10% for all the programs. From Figure 1 we can see that most of the programs opted for reducing the weight on  $\beta_j$  to allocate the 10% for the  $\text{GPA}^+$  measure, therefore most of the variation observed in allocations comes from the introduction of the relative boost.

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<sup>9</sup>The literal translation of the reform's name is "Ranking", which is misleading. Given that the score is assigned in relationship with the student's educational context rather than their class ranking, I will refer to it as local context GPA reform rather than Ranking reform.

<sup>10</sup>With a minimum 10% in each of the component.

The proposed new component was designed to make more competitive the application of students that performed well at their high school by awarding them a boost to their GPA score if they perform above their school average ( $GPA^+ = GPA + \text{relative boost}$ ). In Chile, grades are not fully curbed and they have an implicit reference to the minimum content expected by the national curriculum on each subject by year. Due to this, even the best student from a disadvantaged school that struggles to cover the minimum contents can have a very low GPA score. The  $GPA^+$  component was designed such that with the boost, students that perform at the top of their school GPA distribution have a  $GPA^+$  score that corresponds to that. By making the application score of good-performance students higher, the reform helped them access programs that would have rejected them when their application score was lower.

### Local context measure in detail

The local context GPA ( $GPA^+$ ) measure is based on the GPA score of the student, but it is adjusted with a boost that depends on the historical average ( $\overline{GPA}$ ) and the historical maximum high school GPA of their high school ( $\max GPA$ ). The historical average and the historical maximum are constructed based on the high school GPAs of the students from the previous 3 cohorts at that school. It was chosen as a reference for the within-school measure to avoid within-classmates' competition. The formula to calculate the ( $GPA^+$ ) score is the following

$$GPA_i^+ = \begin{cases} GPA_i & \text{if } GPA_i < \overline{GPA} \\ \overline{GPA} + \frac{850}{\max GPA} (GPA_i - \overline{GPA}) & \text{if } GPA_i \in [\overline{GPA}, \max GPA] \\ 850 & \text{if } GPA_i > \max GPA \end{cases}$$

Students with a GPA equal to or lower than the historical average at their schools have a local context GPA score equal to their GPA score. Students with a GPA bigger than the historical average but smaller than the historical maximum get their GPA score plus a

boost that is determined by the slope of the line that connects the historical average GPA score with the historical maximum, which is for all schools the maximum possible score, 850.<sup>11</sup> This implies that students in this range, from a school with a more spread out high school GPA distribution will have a smaller boost in terms of score points for each extra point in their GPA. Finally, students that perform above the historical maximum at their high school get the maximum possible score (850), even if the GPA is, measured in application points, very low.

In order to simulate the assignment under the the new mechanisms defined by the inclusion of the  $GPA^+$  for cohorts previous to the implementation of the reform I construct the  $GPA^+$  measure for the cohorts 2009 to 2012. According to the reform, students who graduate from cohorts before 2009 or students who didn't attend a school had the local context GPA score equal to their GPA score.

### 1.3 Data

I focus my analysis on the entire universe of applicants to selective universities during the years 2012 (pre-reform) and 2013 (post-reform). For the first part of the empirical strategy, I use administrative records on high school performance and application preferences from the admission process in order to classify students into one of the three possible groups of analysis. Then I use administrative data on yearly enrollment and graduation from selective and non-selective colleges to measure human capital acquisition. Finally, I add to the analysis information on employment and earnings in the private labor market up to 10 years after their application.

#### Admission process

The local context GPA reform was introduced in the admission process of 2013. For that reason, my analysis focuses on the short and medium-long-term outcomes of all the students that participated in the admission process that year and the year before (2012).

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<sup>11</sup>Figure 2 correspond to an example to represent the relationship between GPA,  $GPA^+$  and the boost.

I use information from students in the 2011 cohort to validate my research design strategy.

<sup>12</sup> The first part of the empirical strategy leads to the classifications of students in each cohort in one of the three groups of my analysis: pulled-in, pushed-out, and controls. Data on application preferences and application scores under status quo (pre-reform) and under the local context GPA (post-reform) regime are the main requirements for this procedure.

Administrative data at the student level from the admission process was shared upon request by DEMRE. It consists of socioeconomic and demographic information of applicants (gender, date of birth, self-reported family income, and parents' education), applications scores (tests scores, GPA, and local context GPA score), high school characteristics, application information (rank order list of program preferences listed in the application with their final status: valid/invalid, offer/no offer and waitlist), and enrollment information (program, application score, and ranking of preference). This information is mainly used to simulate students' admission under a mechanism that uses two (test scores and GPA) or three (test scores, GPA and GP<sup>+</sup>) inputs to calculate the application score.

The “new” mechanism incorporates the local context GPA measure (GPA<sup>+</sup>) into the formula. To compute the local context GPA measure for cohorts before the reform I use information from the national school records on high school performance for the entire population of high schoolers between 2002 and 2011 which is available online at the data platform of the Department of Education.<sup>13</sup> I compute the historical average and the historical maximum GPA at each school for each graduation cohort, and then the local context GPA score for students who graduated between 2008 to 2012 in the 2011 and 2012 admission process.<sup>14</sup> Figure 3 shows a binscatter graph with the boost score - i.e. the extra score relative to GPA<sup>-</sup> of the local context GPA score for students in application cohorts 2011 to 2013. The x-axis is the GPA score of the student minus the historical

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<sup>12</sup>Even though information for later cohorts is available I don't consider it in my analysis because my empirical strategy is sensitive to the strategic behavior observed during those years. After 2013, some students switched schools in their last year of high school to improve their GPA<sup>+</sup> measurement. This potential for policy manipulation was fixed in the 2015 process.

<sup>13</sup><https://datosabiertos.mineduc.cl>

<sup>14</sup>Students can participate in the admission process as many times as they want. The proportion of freshmen and older applicants is around 60% to 40% in each cohort.

average high school GPA at the school of the student, therefore on the positive numbers we see positive boost's score. Note that 2013 data is directly reported by DEMRE and 2011 and 2012 were calculated with the local context GPA score formula.

I also constructed a dataset with program characteristics like application score weights, application score restrictions, and the total number of seats from the public newsletter with the official information. Application score weights are required to calculate the application score under the two regimes. For each program, application scores under the status quo regime ( $s_{ij}$ ) are calculated using weights from the 2012 process, and application scores under the GPA<sup>+</sup> regime ( $s'_{ij}$ ) are calculated with 2013 weights.<sup>15</sup>

### **Enrollment and graduation outcomes**

To measure the effect of the reform on educational outcomes I track all the students that participate in the application processes of 2012 and 2013 using yearly information on enrollment and graduation provided publicly by the Department of Education. From the admission data I can observe who got an admission offer and to which program. I create variables to indicate if a student enrolls in their admission offer or if they enroll in a non-selective college instead. By using the enrollment file in the second year ( $t = 2$ ) I can check if the student persisted at their admission offer, if they re-apply or switched to a different selective program, if they switched or persisted in a non-selective college, or if they dropped out of college.

Additionally, for each application cohort, I track graduation by 6th, 7th, and 8th years after application because yearly graduation files were available only up to 2020. I construct 3 graduation measures: (1) graduation from the admission offer, (2) graduation from some selective university to take into account that students that don't get their desired admission may switch or re-apply in the following years, and (3) graduation from a non-selective college which is always an alternative.

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<sup>15</sup>Music, arts, and acting programs require an additional aptitude test, which score is not reported separately in the data. For those cases, the application score used for the alternative regime was the same as the one reported originally.

Having access to data of the entire system allows me to measure the complete impact of the reform in the selective system - the one that DEMRE attempt to coordinate-, as well as the impact on the entire college system.

### **Labor market outcomes**

To study the effect on earning and labor market participation of giving access to better programs to students that normally couldn't access them I use information from the Unemployment Insurance (UI) data. The UI data has information on all the dependent workers over 18 years old that participate in the private sector.<sup>16</sup> All the information is aggregated at the analysis group level. For pulled-up, pushed-down, and control students I compute the fraction that was present in the labor market (participation) and their monthly taxable income from 7 to 10 years after the admission process.

## **2 Empirical Strategy**

I study the effect on enrollment, graduation and labor market outcomes of getting access to more or less selective programs, for the group of students that could be affected by the inclusion of the GPA<sup>+</sup> measure, by using a difference-in-differences strategy. The implementation of the design can be divided into two main parts: (1) identifying the groups of students affected by the reform, and (2) estimating the effect of the reform in those groups in terms of relevant outcomes in order to analyze the efficiency impact on the system.

### **2.1 Empirical Framework**

The difference-in-differences design allows me to compare the outcomes of students in the pushed-up group before and after the implementation of the reform, therefore, before

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<sup>16</sup>Data excludes: (i) workers subject to an apprenticeship contract; (ii) workers under 18 years of age; (iii) private home workers (until October 2020); (iv) pensioners; (v) independent or self-employed workers; and (vi) public sector workers. In a future version of the research, I will be able to include information on public sector workers and person-level data.

and after they get access to these more selective programs. The transitory variation on outcomes are controlled by the second difference with respect to the group of unaffected students.

The local context GPA reform impacted the way that students were matched to the programs that they apply. Before the implementation of the reform the application score for a student  $i$ , applying to a program  $j$  was calculated using only 2 inputs: admission test scores  $e_i$  and GPA score  $g_i$ . With the implementation of the reform the new application score was calculated based on  $s'_{ij}(e_i, g_i, c_i)$ . Denote  $\mu(\cdot)$  as the matching function defined by the mechanism that uses a Deferred Acceptance algorithm, the information from the pool of applicants, the application scores defined by the programs and the capacity restrictions of the program. The change in the inputs used by programs to evaluate students defines a new mechanism  $\mu'(\cdot)$ .

A student  $i$  can be characterized by  $\theta_i(\succ_i, e_i, g_i, c_i)$  composed of their rank order list  $(\succ_i)$  and their scores. In each application year, for some students the assignment under both mechanisms will differ,  $\mu(\theta_i) \neq \mu'(\theta_i)$ , and for others it won't  $\mu(\theta_i) = \mu'(\theta_i)$ . I classify the pool of applicants into 3 mutually exclusive groups:

- Pulled-Up:  $PU_i = 1\{\mu(\theta_i) \prec \mu'(\theta_i)\}$  students who get access to a program ranked higher in their list with the new mechanism  $\mu'$  than with the old mechanism  $\mu$ . These programs have to be more selective, in order to not have been accessible without the boost.
- Pushed-Down:  $PD_i = 1\{\mu(\theta_i) \succ \mu'(\theta_i)\}$  students who get access to a program ranked lower in their list with the new mechanism  $\mu'$  than with the old mechanism  $\mu$ .
- Control:  $C_i = 1\{\mu(\theta_i) = \mu'(\theta_i)\}$  corresponding to students with access to the same programs with and without the inclusion of the GPA<sup>+</sup>.

I model the potential outcome  $(Y_{it}(\mu_t, t))$  of a student  $i$  applying in  $t$  from facing a



matching function  $\mu$  assuming additive separability,

$$Y_{it}(\mu_t, t) = \alpha + \delta_t + \beta_1 \cdot 1\{\mu_t(\theta_{it}) \prec \mu'_t(\theta_{it})\} + \beta_2 \cdot 1\{\mu_t(\theta_{it}) \succ \mu'_t(\theta_{it})\} \\ + \beta_3 \cdot 1\{\mu_t(\theta_{it}) \prec \mu'_t(\theta_{it})\}1\{\mu'_t\} + \beta_4 \cdot 1\{\mu_t(\theta_{it}) \succ \mu'_t(\theta_{it})\}1\{\mu'_t\} + \pi \cdot X_{it} + \eta_{it}$$

where  $\alpha$  is the average outcome for students not affected by the reform,  $\delta_t$  corresponds to the time effect,  $\beta_1$  is the effect on the outcome of belonging to the pulled-up group of students, which can be interpreted for example as the effect of having high aspirations and  $\beta_2$  is the effect on the outcome of belonging to the pushed-down group of students, the group that attend a less selective program when  $GPA^+$  is used.<sup>17</sup>  $\beta_3$  represents the effect of getting access to the a more selective program for pulled-up students;  $\beta_4$  represents the effect of getting access to a less selective program for pushed-down students;  $\pi$  is the effect of observables (standardized test scores, GPA and demographics) on the outcome; and  $\eta_{it}$  is an idiosyncratic error term.

Note that when  $1\{\mu_t(\theta_{it}) \prec \mu'_t(\theta_{it})\} = 1$  and  $\mu'_t$ , this is the student was assigned to a more preferred but also more selective program, the parameter  $\beta_3$  identify the effect of getting access to a more selective program on pulled-up students, therefore, the same as the parameter of interest of the reform.

The observed outcomes is represented by  $Y_i = 1\{t(i) = 2012\} \cdot Y_i(\mu) + 1\{t(i) = 2013\} \cdot Y_i(\mu')$ , so I estimate:

$$Y_i = \alpha + Post_i + \beta_1 \cdot PU_i + \beta_2 \cdot PD_i + \beta_3 \cdot PU_i \cdot Post_i + \beta_4 \cdot PU_i \cdot Post_i + \pi \cdot X_{it} + \eta_i$$

This shows that from a difference-in-differences strategy we can identify  $\beta_3$  for the pulled-up and  $\beta_4$  for the pushed-down group.

In the next subsections I present details of the implementation of the two assignment mechanisms, I discuss the assumptions taken, the strategy to identify the treatment groups, and the results from it. Then I provide more detail about the implementation and assumptions for the difference-in-differences to be valid, and I provide evidence that supports it.

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<sup>17</sup>Students with boost but that already had access to the programs that they preferred the most are not part of the this group.

## 2.2 Identification of treatment groups: pulled-up, pushed-down and controls

As mentioned above, a student is classified as pulled-up (pushed-down) if the ranking of the program from the assignment with the  $GPA^+$  is higher (lower) than the ranking of the program from the assignment without  $GPA^+$ . This implies that the new assignment is more selective, because if it was less selective the student should have been able to access it without the boost. The inclusion of the  $GPA^+$  accomplished the goal of giving access to more program options to students from lower income and less educated families, who studied disproportionately more at public and voucher schools, and have higher high school GPA and lower standardized tests.

For each student, in each application process, I start by computing their alternative application score. For students pre-reform this required to also compute the  $GPA^+$  measure. For each program that the student listed, I use the weights from 2012 and 2013 to calculate the alternative application score (for students in the 2012 cohort I calculate  $s'_{ij}$  and for students in 2013 I compute  $s_{ij}$ ).

I replicate the DA algorithm, with which I simulate the assignment of students with the  $GPA^+$  measure for students pre-reform ( $\hat{\mu}'(\theta_i)$ ), and without it for the students post-reform ( $\hat{\mu}(\theta_i)$ ). In order to test the quality of the replication I simulated the assignments using  $s'_{ij}$  for cohort 2013; I replicate 99.9% of the real assignment offers.

I compare the simulated with the real assignment and I classify students into the pulled-up (pushed-down) group if the assignment with the  $GPA^+$  measure was higher (lower) in the list than the assignment without. Students are classified as controls if the program assigned under both scenarios is the same.

For the simulation to be valid as a counterfactual under the alternative mechanism, I take three main assumptions. First, I assume that the rank order list of preferences that the students submit would have been the same with and without the reform. Second, I assume that the number of available seats per program each year would have been the same with or without the reform. Third, I assume that the GPA and admission test was unaffected by the reform (at least the first year of implementation). Assumption 2 and 3

are justified by the fact that the reform was announced in the last half of the academic year. At that point, universities have already made their capacity decisions and students average from the 4 year of high school was already determined, therefore there was no score for strategic responses.<sup>18</sup>

Assumption 1 has two components, one that refers to the stability of preference and one that refers to the reporting behavior. I assume that preferences are stable with respect to the reform, which means that the indirect utility associated with each program does not depend on the components and weights used by the programs to evaluate applicants. In terms of reporting behavior, I use the traditional approach taken by the literature that establish that without restrictions on the number of applications, the dominant strategy with a Deferred Acceptance (DA) algorithm is truthful reporting (Gale & Shapley, 1962; Dubins & Freedman, 1981; Roth, 1982). As most of centralized admission system, the Chilean application system restrict the application list (up to 10 options), however, because more than 90% of the students list fewer than 10 options, the restrictions can be interpreted as not binding (Haeringer & Klijn, 2009; Abdulkadiroğlu & Sönmez, 2003; Abdulkadiroğlu, Pathak, Schellenberg, & Walters, 2020).

One possible concern with respect to the reporting behavior arise from the most recent literature on mechanisms design and their interest on properly using the information from the centralized admission systems to estimate school choice demands (Agarwal et al., 2020; Fack et al., 2019; Larroucau & Rios, 2018). One way of rationalizing the fact that students don't fill up their application options relates to the idea that reporting behavior is based on students' feasible options. This behavior may violate assumption 1 if students that observe the boost (that potentially could increase their feasible options) reacted by adding more selective programs to their list. This could create a problem in the identification of the treatment group if students get assigned to this added programs but similar students that didn't observed the boost (cohort of 2012) didn't get assigned

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<sup>18</sup>After the first year, there is some evidence, at least anecdotal, about students switching schools in their last year in order to graduate from schools with very low maximum historical GPA in order to gain the maximum score from the GPA<sup>+</sup> component. In 2015 this problem was addressed with a change in the policy, which established that the score was calculated relative to the GPA of the student and the school that they attended each year.

under the simulation (because they didn't list the new options). To assess the threat suggested by this alternative I first compare the number of admission options listed in 2012 and 2013 by students with boost (by adding a program to the top of the list, total number could increase). Students that observe the boost in 2013 are not more likely to have longer application list. Additionally, I check the selectivity of the top choice of students with boost, in 2012 and 2013. Figure 4 shows that the selectivity of the first option increases in 2013 only in the highest values of boost score. In order to check for the sensitivity of the results I estimate the results without students with more than 150 points in their boost score (2% of the total sample). Results don't change qualitatively or quantitatively with this sample restriction.

Table 1 shows the characteristics of the group of students identified as pulled-up, pushed-down and control for cohorts of applicants in 2012 and 2013. Each year, pulled-up and pushed-down applicants account for approximately 4% of the applicant pool. From Table 1 we can see that the reform was able to impact the students that it expected to impact. Students in the pulled-up group had a better GPA than those in the control and pushed-down groups; yet, their exam scores are comparable to those in the control group. Looking at pushed-down students, they have low GPA and high test scores. Moreover, pulled-up students are 3 times less likely to attend a private high school than a pushed-down student and looking at family characteristics, pulled-up students come from families with average income 30% lower than pushed-up students, and their parents are less educated.

## **2.3 Treatment effect estimation: diff-in-diff design**

I estimate the effect of getting access to a more or less selective program on human capital acquisition and productivity, on the groups of pulled-up and pushed-down. Pulled-up students correspond to a group of students that have good performance at their high school, but that in general observe less resources; nevertheless, it corresponds to a group of students with high aspirations. I use the rich information on preferences contained in students' rank order lists to cleanly identify the treatment groups in both periods; then,

with the diff-in-diff I can estimate the effect on enrollment, graduation and earnings but controlling the estimates for selection on unobservables. I use the variation on the outcome that is unrelated to unobservable characteristics that also determine graduation rate and labor market outcomes so that the causal effect of going to a more (less) preferred and more (less) selective program for the groups of interest can be isolated. I estimate models of the form

$$Y_i = \beta_1 PU_i + \beta_2 PD_i + \beta_3(PU_i \cdot Post_i) + \beta_4(PD_i \cdot Post_i) + \beta_5 Post_i + X_i' \Gamma + \varepsilon_i$$

where  $PU_i$  is an indicator if the student is classified as pulled-up,  $PD_i$  is an indicator if the student is classified as pushed-down, and  $Post_i$  is an indicator if the student apply post-reform. The coefficients of interest are  $\beta_3$  and  $\beta_4$  and estimate the effect on outcomes for the pulled-up and pushed-down of gaining or losing access to more selective programs. The omitted group is the group of students that get access to programs with the same selectivity under both regimes.  $X_i'$  is a vector of individual characteristics such as gender, family income, type of school, GPA and standardized test scores.  $\varepsilon_i$  is an idiosyncratic error term.<sup>19</sup>

The key identification assumption is that outcomes for these three groups of students would have evolved similarly between 2012 and 2013 cohort if the reform would have not been implemented. I cannot directly test that, however, I conduct a placebo exercise with data from the 2011 application cohort that present suggestive evidence in support of it. I start by computing the application score for each program in the rank order list of 2011 applicants. With that, and keeping constant the vacancies observed that year I re-run the DA algorithm, using the three components application score. Using the simulated assignment I classify 2011 students into pulled-up, pushed-down and control. Finally, I estimate the diff-in-diff specification but with the variable  $Post_i$  indicating if the student was observed in 2012. Table 2 show the estimates, which can be interpreted

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<sup>19</sup>Results are presented with and without controls. Most of the results are quantitatively and statistically unchanged.

as the effect in enrollment and graduation for pulled-up and pushed-down students when no reform is implemented. As expected, there is no significant effect, suggesting that when no reform is implemented these groups follow a similar trend. The estimates would be biased if the coefficients of interest reflect sample selection resulting from the impact of the reform on the composition of applicants. However, there is no change in the trend of total applicants, and no change in the probability of pulled-up students to reapply compared with the 2011 cohort. There also would be bias in the estimates if there were unexpected changes in 2013 in other determinants of outcomes that differentially affected the three groups. I am aware of no such change.

### 3 Results

I find that the inclusion of the  $GPA^+$  measure allows pushed-up students to enroll in and graduate from more selective programs. In terms of productivity, early evidence suggests that their earnings increased due to their access to more selective programs. For pushed-down students, I find no effect on human capital acquisition, however their program completion rate decreased by 8 percentage points, which was offset by an increase of non-selective enrollment and delayed enrollment (second year) in the selective system. According to preliminary data, there was no negative effect on earnings. Overall, the adoption of the local context GPA measure introduced equity improvement to the college admission system without sacrificing outcome efficiency.

#### 3.1 Enrollment

Enrollment at selective universities can only occur at the program that students get assigned, which is the most preferred of the student, among the ones they are eligible for, based on their application scores and the applications and scores of the other students. If the student chooses not to enroll in the program, they can (i) enroll in a non-selective college, (ii) re-apply the following year (normally after taking extra test preparation courses), or (iii) decline to attend college.

Table 3 show the average enrollment rates in the selective system for the 3 groups and preview the diff-in-diff results from Table 4. Difference-in-differences estimate for pushed-up students shows a large effect in the probability of enrollment. After the reform, pulled-up students are 22 p.p. more likely to enroll in the selective program that they were assigned. This is a 40% effect on enrollment. For pushed-down students the probability of enrollment decreases by 16.7 p.p. The difference between the effect on pulled-up and pushed-down students is significant, indicating that the inclusion of the  $GPA^+$  measure improved the system in terms of identifying successful applicants.

Figure 5 shows that most of the students in the pulled-up and pushed-down group were moved only one position in their rank order list when the  $GPA^+$  measure was included. Table 6 complements this figure by showing the information disaggregated by ranking. More specifically, Table 6 shows the distribution of 2013 applicants based on the ranking of their assignment with  $GPA^+$  and without it. The table has the total number of students for each combination of rankings and the proportion relative to the treatment group. For example, students that are assigned to a program that they rank in position 1 with the  $GPA^+$  measure and to rank 2 without it - therefore pulled-up - represent 26% of pulled-up students. We have a similar proportion for the symmetrical problem of pushed-down (from rank 1 without to rank 2 with the  $GPA^+$ ).

The large enrollment effects presented above can be driven by changes at two margins: extensive and intensive. On the extensive margin, the reform changed the probability of a student of getting access to some selective program in pulled-up and pushed-down students by approximately 20%. To study the intensive margin, I use the original specification but I restrict the sample to students that would have got an offer under the two regimes, which I can do due to the simulation assignments; this allows me to correct for the potential selection bias of only observing enrollment if a student actually gets an offer.<sup>20</sup> Table 5 shows the results from this exercise. The estimates on enrollment for pulled-up students after the reform is smaller (17 p.p.) but still large. Compared with the pushed-down students (11 p.p.) I find evidence of higher intensity of preferences for

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<sup>20</sup>All students in the pulled-up group got an offer in 2013, but not all got an offer in 2012 because the reform was still not implemented

pulled-up students, i.e. that the reaction, in terms of enrollment decision, from getting access to a program higher in the rank order list is stronger than the reaction from losing access to it, for the pushed-down group.

I summarize the changes in the programs that students attend using traditional measures of quality like selectivity and rate. Table 7 present some of the changes in the characteristics of the peers and programs that students attend before and after the reform. Columns 1 and 2 show the diff-in-diff estimate of a regression with average program characteristic pre-reform as the dependent variable. The first 3 rows show that pulled-up students attend more selective programs after the reform, in the sense that the average student at the program that they enrolled had higher test scores and GPAs than the average student at the programs they enrolled before the reform was implemented. Graduation on time is an indicator of the probability that a student graduates in the number of years set by the program; after the reform pulled-up students enroll in programs where the average student is more likely to graduate on time. The results are symmetrical for pushed-down students, except for the expected graduation time of the programs that they enroll after the reform, which are on average 0.07 years shorter.

### **Enrollment by second year**

Given that not all the students enroll at the program that they get assigned, it is interesting to study how the alternative options change with the implementation of the reform. Columns 3 and 4 in Table 4 show that in the first year, pushed-down students compensate for the decrease in the probability of enrolling in a selective program with an increase in the probability of enrollment in the non-selective system. However, the 3.9 p.p. increase was not enough to offset the enrollment in the selective system.

Table 8 shows the results from the same diff-in-diff exercise when the outcome variables are: for columns 1 and 2, an indicator if the student is enrolled in any program (selective or non-selective) by second year, and for columns 3 and 4, an indicator for enrollment in a selective program by second year. After controlling for observable characteristics, pushed-down students are not less likely to acquire college education after the reform; however, when looking at enrollment in the selective system there is still a gap relative



to before the inclusion of the  $GPA^+$  measure. The probability of enrollment (by second year) is a mix of the effect on enrollment in the first year and the effect on the enrollment in the second year if the student reapplies. This effect for pushed-down students is 5.2 p.p lower, which is a smaller effect than in the first year. This indicates that students in the pushed-down group are more likely to be moving through college with at least one year of delay. Table 9 corroborates this point, showing that pushed-down students are 7 p.p. more likely to reapply to the selective system after the reform was implemented.

## 3.2 Graduation

I begin by analyzing the impact of the inclusion of the local context GPA measure on program completion. Because pulled-up students get access to more selective programs with the reform, I can test the mismatch hypothesis and examine the potential impact of this on human capital acquisition. Then, I examine the effect on overall college completion by examining the likelihood that a student in each group will graduate from college, regardless if it is the program that they got assigned in the application process. Given the enrollment dynamics, I also consider the potential that students are still enrolled eight years after application.

### Program completion

Columns 1-3 of Table 10 presents the results for graduation from the assigned program for pulled-up and pushed-down students at different points in time. Consistently, there is a positive effect (8.4 p.p. increase by 8 years after application or 36% effect) on the likelihood of graduation from the assigned program for pulled-up students. Column 4 also shows that pulled up students are more likely to graduate on time after the implementation of the reform. For pushed-down students the effects on graduation are similar in magnitude on the opposite sign.

Table 11 show the same results in the restricted sample of students that had an admission offer with and without the inclusion of the  $GPA^+$  measure. From here we

can see that the effects are not driven only by the fact that after the reform students are more or less likely to get offers into some selective program. When the sample is restricted to students with offers with and without the inclusion of the local context GPA measure the probability of graduation from the assigned program for pulled-up students increases by 7.8 p.p. Table 11 show the results for graduation in the sample of enrolled students. However, because I don't have a model to control for selection into enrollment these results are biased. It's expected that because pulled-up students in 2013 are more likely to enroll, even comparing students with offers under both regimes, the sample is negatively selected. The zero effect on graduation for pulled-up students suggests that this is correct.

In essence, the reform enabled pulled-up students access to more selective programs which increased their likelihood of enrolling in and graduating from those programs. Putting the graduation effect for pulled-up students into perspective, the implied graduation rate for the marginal student admitted by the local context is 38% (8.4/21.9). This does not differ much from the average graduation rate of controls post-reform (40%) or from the pre-reform level of 39% percent. In addition, the impacts are qualitatively comparable to the findings of other equitable college admission programs, such as Bleemer (2021) and Black et al. (2020).

### **Mismatch hypothesis**

Next, I expand on the mismatch hypothesis debate. The mismatch hypothesis established that applicants with lower test scores targeted by equitable admission policies would benefit from enrolling in less selective universities, where their academic qualifications more closely “match” those of their peers (Sowell, 1972). This hypothesis found empirical support on some of the mixed results from the research around affirmative action policies (Arcidiacono & Lovenheim, 2016). The evidence discussed earlier for the local context GPA reform contradict this hypothesis; the fact that students in pulled-up groups enroll in more selective programs after the reform, and their increase in the

probability of program completion is evidence against the mismatch hypothesis.

However, because the main specification doesn't control for the tuple of program with and without the reform, one possible concern refer to the potential imbalances on the programs that student get assigned with and without the reform, between 2012 and 2013.<sup>21</sup> In order to control for that, I run an alternative specification that includes as a covariate the admission assignment without the reform. This way, I can ensure that all the variation captured by the diff-in-diff comes from pulled-up students with the same assignment without the reform and with more selective programs after the reform.<sup>22</sup> Table 13 shows the result from this exercise. Contrary to the mismatch hypothesis, more selective assignment increased graduation probability for pulled-up students.

### College completion

Table 14 shows the average graduation from any program by 6, 7, and 8 years by treatment groups, before and after the implementation of the local context GPA reform. It is especially important to notice that graduation from any program captures some of the indirect effects of the reform in reapplications (therefore late enrollment in the selective system) and enrollment in the non-selective system. This could be one of the reasons why, even 8 years after the application, there are still important changes in the graduation rates compared with the previous year, which suggest that the lack of more graduation data limits the full analysis of the reform.

The difference-in-differences estimates for the effect of graduation from any program are presented in Table 15. There is no change in college completion for pulled-up and pushed-up students by 7 year after application due to the reform. However, there is a negative effect on graduation by 8 years for pushed-down, i.e. after the reform they are less likely to have completed some program. Because this result could be reflecting the

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<sup>21</sup>Students in the pulled-up group are by definition assigned to more selective programs post-reform, but this is relative to their own assignment.

<sup>22</sup>Remember that the definition on pulled-up group is based on the ranking of the preference, but if something was ranked higher and was less selective than the assignment without the GPA<sup>+</sup> measure, then the algorithm would have assigned the student to that program pre-reform.

fact that pushed-down students are more likely to graduate late (due to late enrollment after the reform) or the fact that pushed-down are acquiring less human capital after the reform, column 4 of Table 15 present the result when the dependant variable indicates if the student graduate or is still enrolled 8 years after application. The null effect implies that pushed-down students are not acquiring less human capital after the reform.

Table 16 present the results divided by graduation from any selective program and any non-selective program. These results also suggest that changes in graduation at 8 years after application for pushed-down students is driven mostly by changes from selective enrollment, which require a late enrollment if the student wants to enroll in a different program than the assigned by the new mechanism after the inclusion of the local context GPA measure.

In summary, the reform made pulled-up students more likely to graduate from more selective programs, with no impact in college completion. For pushed-down students, the inclusion of the  $GPA^+$  made them less likely to graduate 8 years after application, however, this is not due a decrease on the probability of college completion but due to a delay enrollment in selective programs, for some of the students that didn't enroll or didn't stay in the program assigned after the reform.

### **Intensity of treatment**

### **STEM**

### **Heterogeneity**

## **3.3 Labor Market Outcomes**

Finally, I study the labor market effects of the reform.<sup>23</sup> An important challenge refers to the long graduation times observed in the previous section. This fact limits the earnings

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<sup>23</sup>Up to this date, access to individual level data required to estimate the difference-in-differences specification used in the previous sections is under approval.

analysis 10 years after application. Additionally, aggregated data - earnings with an indicator of group of treatment but without individual characteristics- only allow for very preliminary evidence at group level.

Figure 6 present earnings histograms for the pulled-up and pushed-down students pre and post implementation of the local context GPA reform. In each case histograms are presented relative to the control group. Even though, at the moment I cannot calculate the difference-in-differences estimates, a preliminary review of the aggregated data confirms that pulled-up and pushed-down students do not do worse than before the implementation of the reform. In terms of outcome efficiency, the evidence confirms that the new assignment mechanism didn't make the system less efficient.

## 4 Robustness exercises

### Changes in ROL due to the reform

#### Changes in pool of applicants due to the reform

#### Sensitivity of the results to *extra* long programs

#### Inference

## 5 Conclusion

This paper studies the impact of providing students with access to more selective college alternatives. I use the variation on admission generated by the inclusion of a local context GPA measure motivated by equity concerns. I explore the effects of the variation on enrollment, graduation and earning for the two groups directly and indirectly affected by this change: (i) students who gain access to more selective programs (pulled-up) and (ii) students who lose access to more selective programs (pushed-down).

Using a difference-in-differences design I can compare the outcomes of students in the pulled-up and pushed-down groups before and after the implementation of the reform, therefore, before and after they get access to these more selective programs. The transitory variation on outcomes is controlled by the second difference with respect to the group of unaffected students. The transparency of the college admission process combined with the properties of the assignment mechanism and the richness of the data available allow me to cleanly identify the groups of students affected by the reform, one of the big challenges in the evaluation of admission reforms.

I find that the incorporation of the local context GPA measure into the college admissions application score formula expanded the options available for students with significant less resources. As a result of the reform, pulled-up students became more likely to enroll in a selective program, and they chose to enroll in programs where their peers have higher test scores, GPA scores, and graduation rates. Contrary to the prediction of the mismatch hypothesis, reform-targeted applicants with lower test scores gained from enrolling in more selective options, boosting their likelihood of graduation by 8.4 percentage points.

For pushed-down students, I find that their likelihood of graduating from the program assigned by the new mechanism decreases by 8.2 p.p., but they are not less likely to receive a bachelor's degree. There is however an impact in the timing of their enrollment that would be interesting to study with more details once more data on graduation and earning becomes available. Nevertheless, preliminary evidence confirm that there is no negative impact on earning for pushed-down students.

Collectively, the evidence presented above indicate that test-based meritocratic admission system can be improved by the inclusion of in-school performance metric, increasing admission equity without incurring an efficiency penalty.

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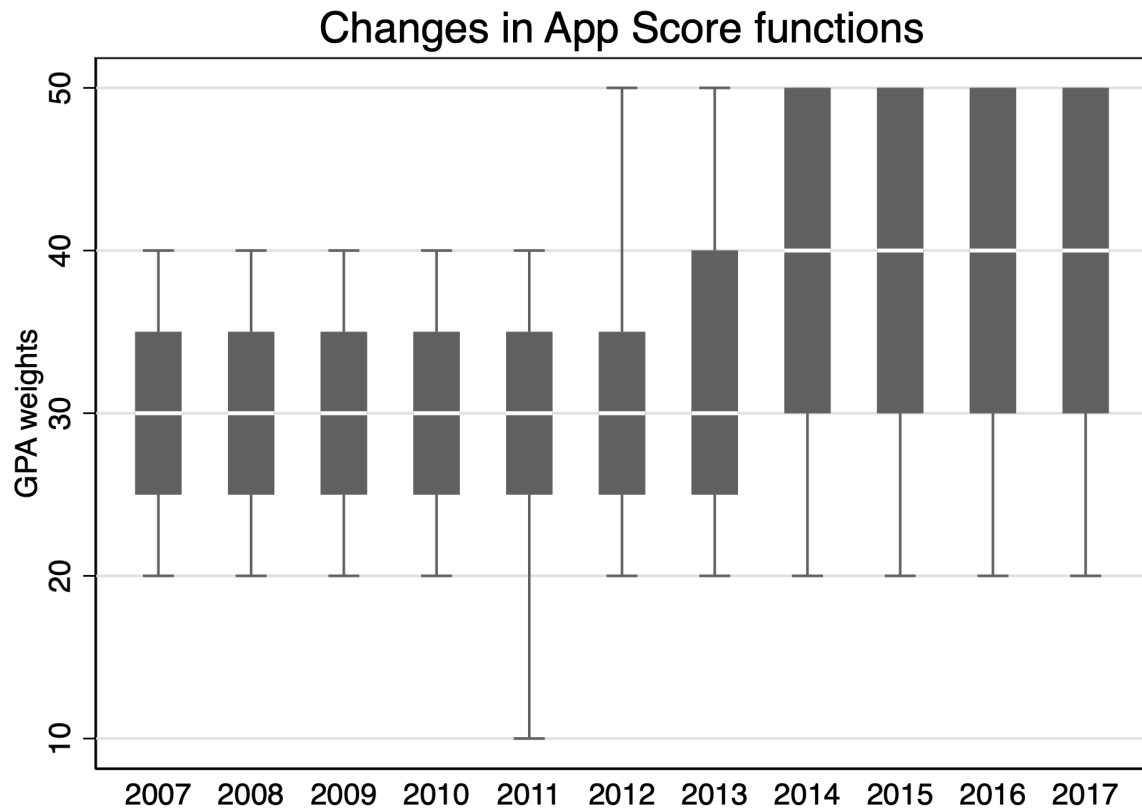
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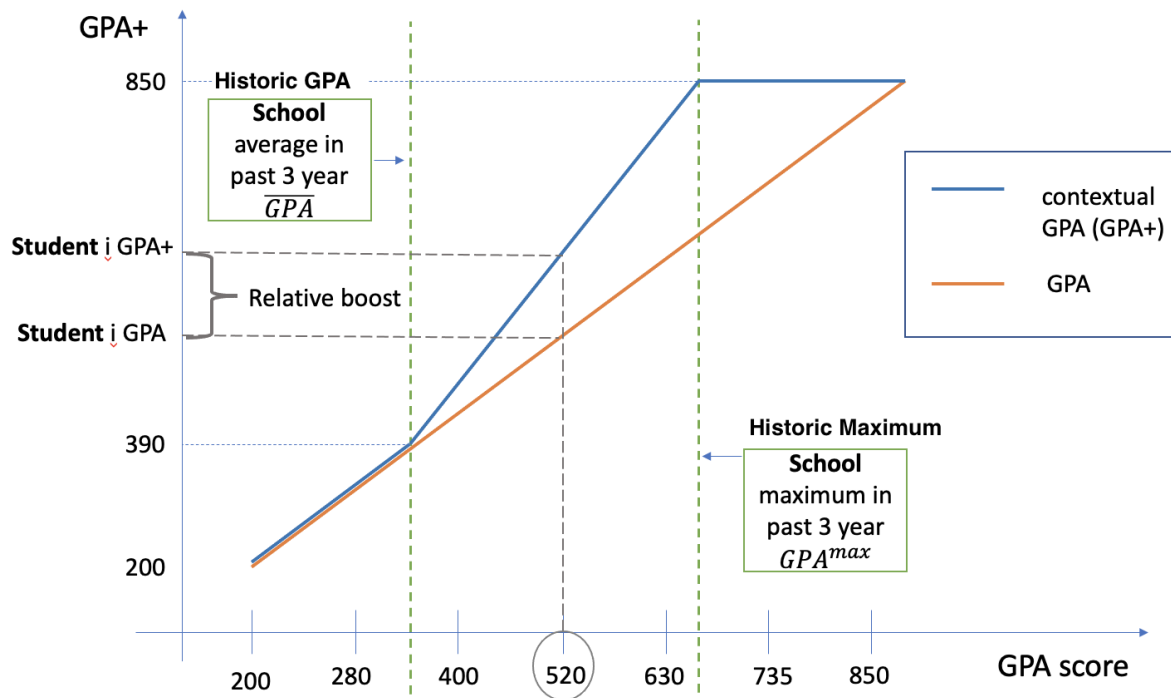
## Figures and Tables

Figure 1: Weights of GPA components ( $\text{GPA} + \text{GPA}^+$ ) in application scores by year



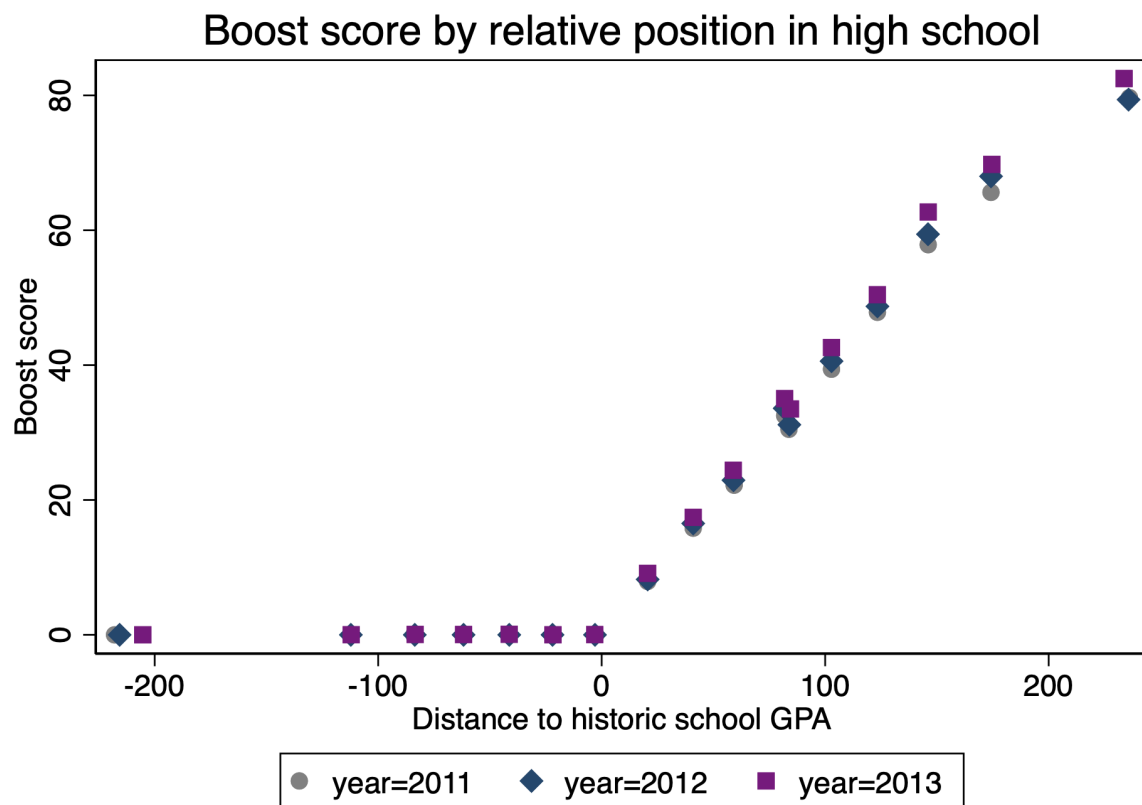
Notes: This figure shows the whisker plots for the distribution of the weights of the GPA components assigned by programs in the application score formula. The middle box represents 50% of the data, the white line corresponds to the median weight and the maximum and minimum values are displayed with vertical lines (“whiskers”).

Figure 2



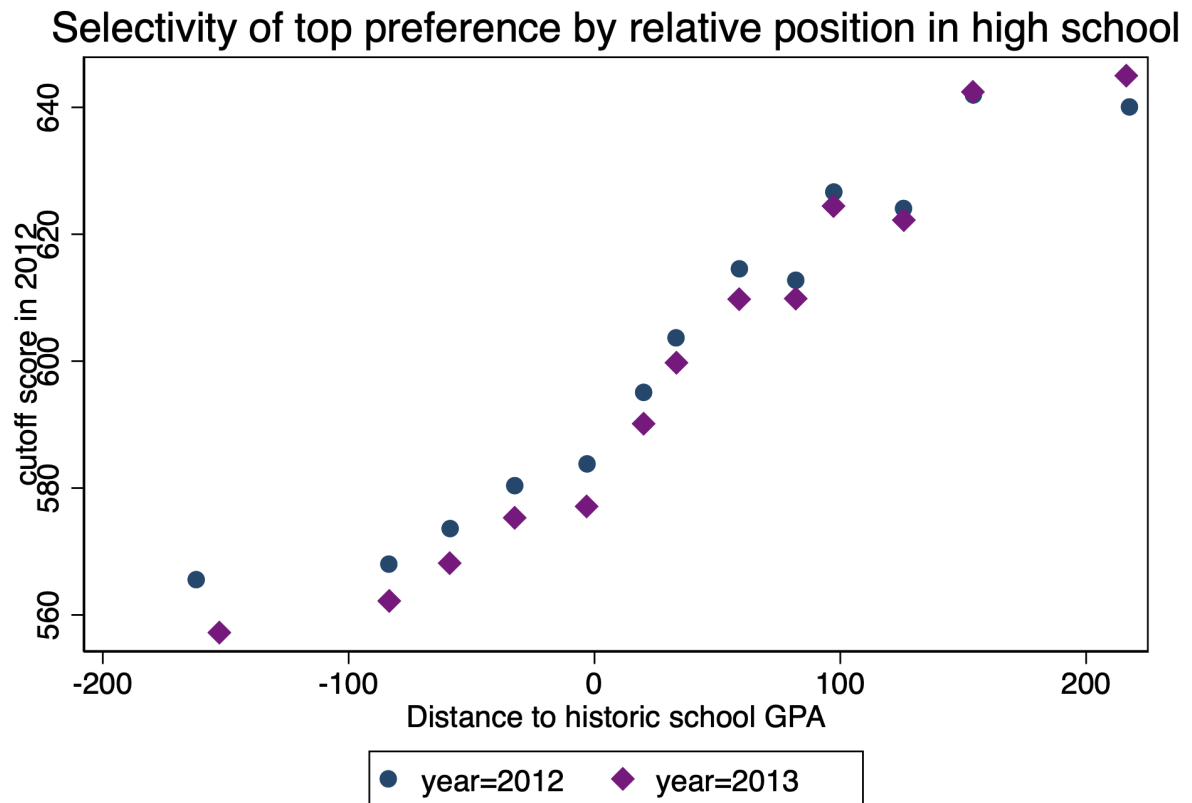
Notes: exemplary figure to show how  $GPA^+$  depends on school averages and how it relates to the GPA score. Boost is obtained from the difference between  $GPA^+$  score and GPA.

Figure 3



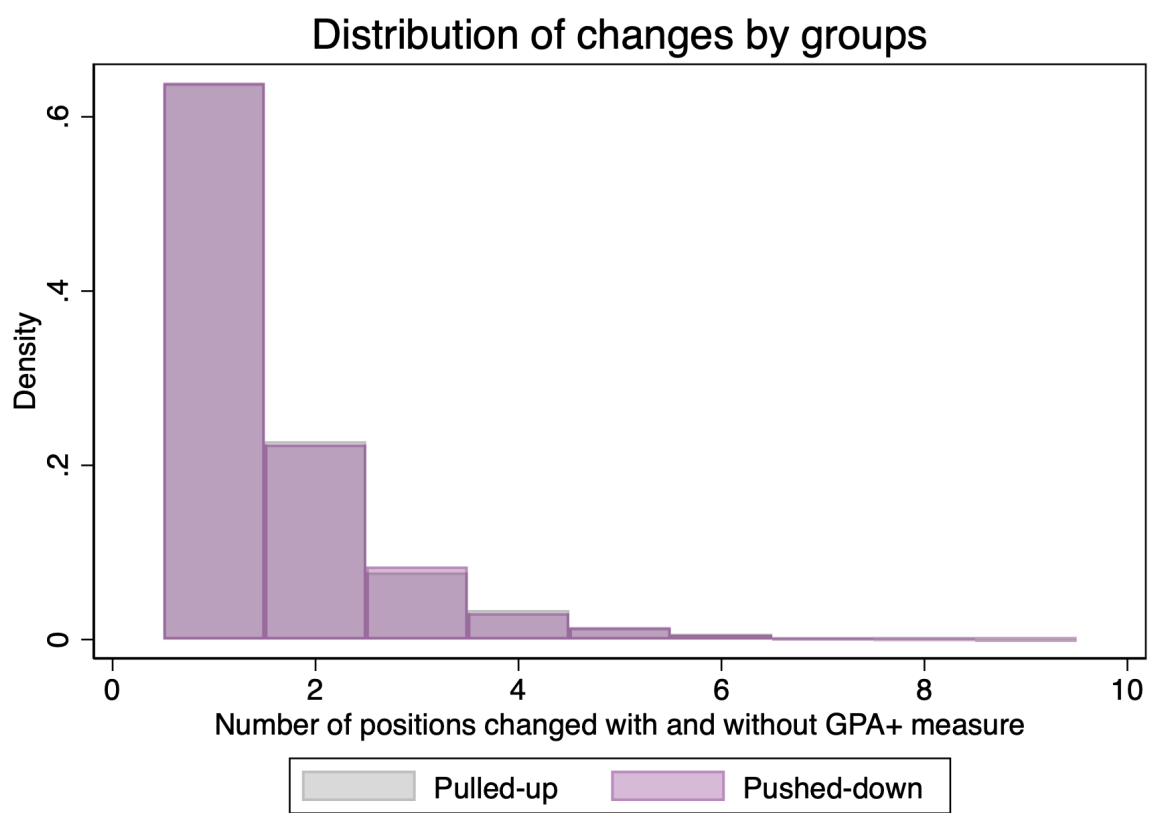
Notes: boost score for cohort 2011, 2012 and 2013. For 2013  $GPA^+$  (and the inferred boost) was provided on the application data. For 2011 and 2012 boost was calculated according to the  $GPA^+$  formula using education records of the universe of high school students graduated between 2008 and 2012.

Figure 4



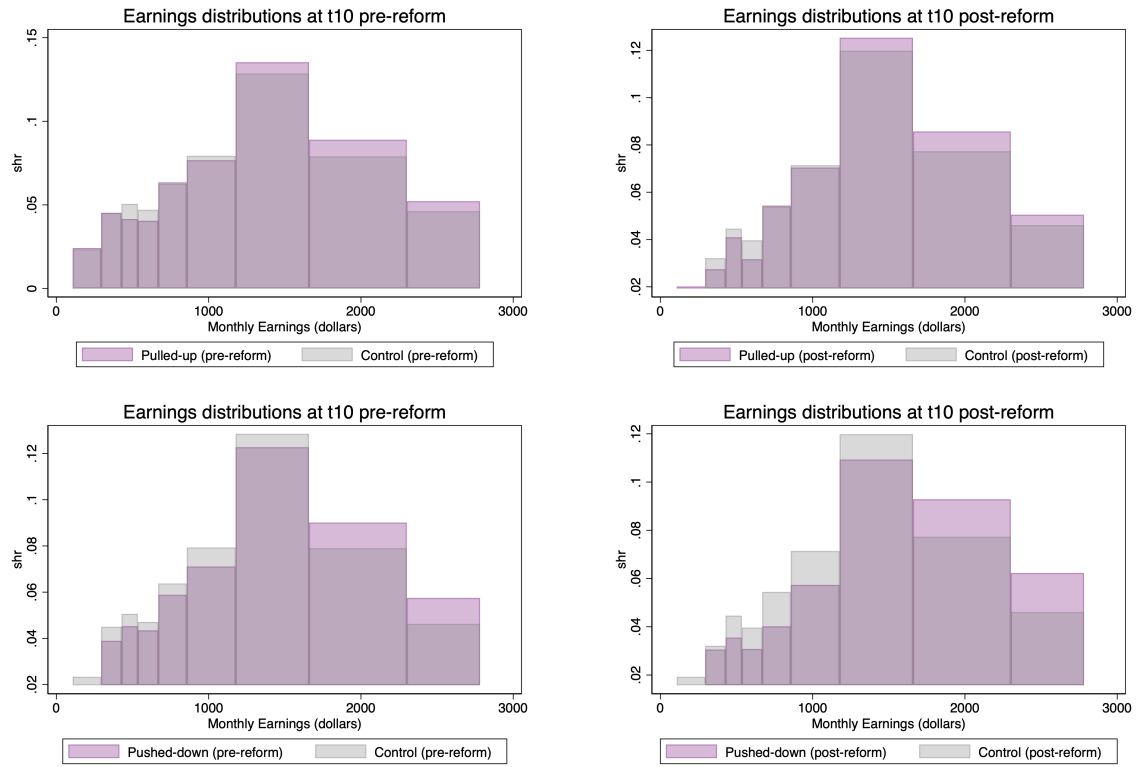
Notes: binscatter of the selectivity of the 1st preference by boost. Selectivity measure as the cutoff (application score of the last person admitted in the programs, measured pre-reform) of the program listed 1st. The x-axis have the  $GPA^+$  measure, but centered around the average score of the school. By centered at the school average we have that positive values correspond to the boost score.

Figure 5



Notes: distribution of pulled-up and pushed-down students based on the number of positions moved in their ranking between assignment with and without GPA<sup>+</sup>

Figure 6: Earnings distribution



Notes: Earnings distribution for pulled-up and pushed-down groups, relative to control, 10 years after application. Figures on the left show earnings distribution for students in cohort 2012 (pre-reform) and figures on the right show earnings distribution for students in cohort 2013 (post-reform)

Table 1: Summary Statistics for Groups of Interest

	Control		Pulled-up		Pushed-down	
	2012	2013	2012	2013	2012	2013
N	108,167	109,440	3,753	4,515	4,416	4,253
Female (%)	53	52	62	60	41	40
Public School (%)	28	27	29	29	26	25
Voucher School (%)	53	54	60	60	47	47
Private School (%)	19	18	10	11	27	28
Family Inc (\$/mo)	689	714	573	594	809	869
Father with HS (%)	67	67	64	61	74	75
Mother with HS (%)	73	73	69	70	78	79
Father with College (%)	26	26	20	19	34	35
Mother with College (%)	21	21	16	16	27	29
Capital City (%)	39	39	46	46	54	53
Std Math	0.68	0.65	0.74	0.65	1.05	1.13
Std Verbal	0.66	0.65	0.70	0.62	1.01	1.04
Std GPA	0.75	0.73	1.40	1.28	0.42	0.58
Boost score	21	22	60	57	6	8

Notes: This table shows the summary statistics for the groups of interest, the year before and after the reform.

Table 2: Difference-in-differences estimates for 2012 and 2011

	(1)	(2)	(3)	(4)
	Enroll	Enroll	Grad by 8yr	Grad by 8yr
<b>Pulled-Up</b>	0.001	-0.015	0.006	-0.009
	(0.011)	(0.010)	(0.011)	(0.011)
<b>Pushed-Down</b>	-0.010	-0.002	0.007	0.005
	(0.009)	(0.009)	(0.011)	(0.010)
Observations	211,872	211,872	211,872	211,872
Controls		✓		✓

Robust standard errors in parentheses

Notes: columns 1 and 3 have the estimates from the difference-in-difference without controls and columns 2 and 4 have the estimates for the same outcomes but controlling by individual characteristics.



Table 3: Enrollment rates at assigned program by groups, before and after the reform

Total	Controls	Pulled-Up	Pushed-Down
Enrollment Pre-Reform (2012)	0.80	0.83	0.91
Enrollment Reform (2013)	0.79	0.87	0.85
Difference	-0.01	0.04	-0.06

Program	Controls	Pulled-Up	Pushed-Down
Enrollment Pre-Reform (2012)	0.60	0.53	0.78
Enrollment Reform (2013)	0.62	0.75	0.66
Difference	0.02	0.22	-0.12

Non-selective	Controls	Pulled-Up	Pushed-Down
Enrollment Pre-Reform (2012)	0.13	0.12	0.08
Enrollment Reform (2013)	0.10	0.05	0.08
Difference	-0.03	-0.07	0.00

Notes: averages for a variable that indicates if the student choose to enroll in the admission assignment. The difference by group, between after and before the reform is shown in the 3rd row.

Table 4: Diff-in-diff estimates for enrollment

	(1) Enrollment	(2) Enrollment	(3) Non-Select	(4) Non-Select
<b>Pulled-Up x after</b>	0.199*** (0.011)	0.219*** (0.010)	-0.049*** (0.007)	-0.057*** (0.007)
<b>Pushed-Down x after</b>	-0.136*** (0.010)	-0.167*** (0.010)	0.023*** (0.007)	0.039*** (0.006)
Obs.	234,544	234,544	234,544	234,544
Controls		✓		✓
Test	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$
p-value	0.000	0.000	0.008	0.048

Robust standard errors in parentheses

Notes: columns 1 and 2 have estimates when the outcome is enrollment at the assigned program. Column 3 and 4 have estimates for an indicator if the student enroll in a non-selective program. Columns 2 and 4 control for standardized test scores, GPA, family income, region, type of high school and gender.

Table 5: Diff-in-diff estimates for enrollment: sample with some admission offers under both regimes

	(1) Enrollment	(2) Enrollment
<b>P-Up x after</b>	0.165*** (0.0113)	0.175*** (0.0111)
<b>P-Down x after</b>	-0.0947*** (0.00987)	-0.110*** (0.00965)
Obs.	186,734	186,734
Controls		✓
Test	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$
p-value	0.000	0.000

Robust standard errors in parentheses

Notes: same specification than Table 4, but restricted to students with some program assigned under both regimes.

Table 6: Distribution of students by ranking with and without GPA<sup>+</sup>

With GPA <sup>+</sup>		Without GPA <sup>+</sup>									
Ranking	1	2	3	4	5	6	7	8	9	10	NA
1	48,434	1,166	415	139	59	31	16	2	7	0	397
%	0.44	0.26	0.09	0.03	0.01	0.01	0.00	0.00	0.00	0.00	269
2	1,149	19,404	530	187	72	36	12	5	2	3	262
%	0.27	0.18	0.12	0.04	0.02	0.01	0.00	0.00	0.00	0.00	0.06
3	347	590	10,500	240	113	23	11	5	3	2	202
%	0.08	0.14	0.10	0.05	0.03	0.01	0.00	0.00	0.00	0.00	0.04
4	124	184	279	4,303	96	50	18	6	0	1	92
%	0.03	0.04	0.07	0.04	0.02	0.01	0.00	0.00	0.00	0.00	0.02
5	37	72	124	101	2,288	47	22	5	5	1	58
%	0.01	0.02	0.03	0.02	0.02	0.01	0.00	0.00	0.00	0.00	0.01
6	397	28	36	46	59	1,158	21	13	5	1	45
%	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.01
7	9	12	12	16	22	21	651	12	8	3	26
%	0.00	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.01
8	2	3	10	5	8	7	14	338	5	4	11
%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	2	1	3	4	3	3	5	14	193	8	7
%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	1	1	0	5	0	1	3	■	2	123	5
%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NA	269	220	141	94	62	29	13	15	8	9	22,048
%	0.06	0.05	0.03	0.02	0.01	0.01	0.00	0.00	0.00	0.00	0.20

Notes: this table shows the number of students in 2013 assigned to programs at different personal ranking with and without GPA<sup>+</sup>. Values on gray correspond to pushed-down cases and values on purple correspond to pulled-up students. Column 1 - row 1 shows the number of students that get assigned to their top choice under both regimes, therefore, they are classify as control. The percentage value under the total number of students represent the proportion of students in that treatment group that have that combination of rankings.

Table 7: Changes in peer characteristics at chosen programs

Program Charact.	Diff-in-Diff			Pre-Reform ( $\bar{x}$ )	
	Pulled-up	Pushed-down	Control	Pulled-up	Pushed-down
Math (std)	0.264*** ( 0.008)	-0.212*** ( 0.007)	1.104 [ 0.610]	1.262 [ 0.603]	1.272 [ 0.611]
Verbal (std)	0.235*** ( 0.008)	-0.230*** ( 0.008)	1.114 [ 0.567]	1.240 [ 0.537]	1.261 [ 0.530]
GPA (std)	0.280*** ( 0.009)	-0.288*** ( 0.008)	1.165 [ 0.575]	1.317 [ 0.519]	1.276 [ 0.544]
Grad on time	0.044*** ( 0.007)	-0.040*** ( 0.006)	0.389 [ 0.263]	0.384 [ 0.271]	0.374 [ 0.267]
E(grad time)	0.026 ( 0.027)	-0.065** ( 0.027)	5.110 [ 0.725]	5.163 [ 0.779]	5.161 [ 0.820]

Robust standard errors in parentheses. Standard deviation in square brackets.

Notes: Columns 1 and 2 show the results for the main diff-in-diff specification for the outcome 5 different outcomes: (i) average math score of students enrolled at the chosen program pre-reform, (ii) average verbal score of students enrolled at the chosen program pre-reform, (iii) average GPA score of the students enrolled at the chosen program pre-reform, (iv) probability of graduation on time by the students enrolled at the chosen program pre-reform, (v) expected graduation time based on the class structure at the chosen program. Columns 3-5 show the averages and standard deviation of these variables for the 3 groups of interest, pre-reform.

Table 8: Effect on enrollment by second year

	(1) Any	(2) Any	(3) Selective	(4) Selective
<b>P-Up x after</b>	0.0033 (0.0079)	0.0181** (0.0076)	0.0410*** (0.0098)	0.0643*** (0.0090)
<b>P-Down x after</b>	0.0128* (0.0071)	-0.0075 (0.0070)	-0.0159* (0.0091)	-0.0521*** (0.0085)
Obs.	234,544	234,544	234,544	234,544
Controls		✓		✓
Test	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$
p-value	0.141	0.315	0.066	0.338

Robust standard errors in parentheses

Notes: Columns 1 and 2 show the results for the main diff-in-diff specification using an indicator if the student is enroll at some program by second year. Columns 3 and 4 show the estimates for an indicator of enrollment in a selective program by second year.

Table 9: Effect on re-application by second year

	(1) Reapplication	(2) Reapplication
<b>P-Up x after</b>	-0.0387*** (0.0091)	-0.0374*** (0.0091)
<b>P-Down x after</b>	0.0739*** (0.0086)	0.0717*** (0.0086)
Obs.	234,544	234,544
Controls		✓

Robust standard errors in parentheses

Notes: diff-in-diff estimates using an indicator if the student participate on the application process on the second year.

Table 10: Effect on assigned program graduation

	(1) Grad by 6yr	(2) Grad by 7yr	(3) Grad by 8yr	(4) Grad on time
<b>P-Up x after</b>	0.042*** (0.008)	0.072*** (0.009)	0.084*** (0.010)	0.043*** (0.010)
<b>P-Down x after</b>	-0.033*** (0.007)	-0.060*** (0.009)	-0.082*** (0.009)	-0.039*** (0.010)
Obs.	234,544	234,544	234,544	234,544
Controls	✓	✓	✓	✓
Test	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$
p-value	0.397	0.366	0.917	0.742

Robust standard errors in parentheses

Notes: Columns 1-3 show diff-in-diff estimates for an indicator if the student graduate from the assigned program by 6, 7 and 8 years after application. Column 4 show the results for the outcome of graduation on time.

Table 11: Effect on assigned program graduation conditional on offer with both mechanism

	(1) Grad by 6yr	(2) Grad by 7yr	(3) Grad by 8yr	(4) Grad on time
<b>P-Up x after</b>	0.037*** (0.009)	0.065*** (0.011)	0.078*** (0.011)	0.034*** (0.012)
<b>P-Down x after</b>	-0.020** (0.009)	-0.040*** (0.010)	-0.062*** (0.011)	-0.017 (0.011)
Obs.	186,734	186,734	186,734	186,734
Controls	✓	✓	✓	✓
Test	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$
p-value	0.195	0.100	0.305	0.295

Robust standard errors in parentheses

Notes: Diff-in-diff results for the sample of students that had a program assigned with and without the inclusion of the GPA<sup>+</sup> measure. Columns 1-3 show diff-in-diff estimates for an indicator if the student graduate from the assigned program by 6, 7 and 8 years after application. Column 4 show the results for the outcome of graduation on time.

Table 12: Effect on assigned program graduation conditional on enrollment

	(1) Grad by 6yr	(2) Grad by 7yr	(3) Grad by 8yr	(4) Grad on time
<b>P-Up x after</b>	-0.012 (0.012)	-0.009 (0.013)	-0.010 (0.014)	-0.000 (0.014)
<b>P-Down x after</b>	-0.005 (0.010)	-0.018 (0.012)	-0.034*** (0.012)	0.001 (0.012)
Obs.	144,540	144,540	144,540	144,540
Controls	✓	✓	✓	✓
Test	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$	$\beta_3 = -\beta_4$
p-value	0.302	0.126	0.020	0.989

Robust standard errors in parentheses

Notes: Diff-in-diff results for the sample of students that enroll in 1st year. Columns 1-3 show estimates for an indicator if the student graduate from the assigned program by 6, 7 and 8 years after application. Column 4 show the results for the outcome of graduation on time.

Table 13: Effect on assigned program graduation controlling by assignment pre-reform

	(1) Grad by 6yr	(2) Grad by 7yr	(3) Grad by 8yr	(4) Grad on time
<b>P-Up x after</b>	0.047*** (0.007)	0.078*** (0.009)	0.091*** (0.010)	0.049*** (0.010)
Obs.	234,529	234,529	234,529	234,529
Controls	✓	✓	✓	✓

Robust standard errors in parentheses

Notes: Diff-in-diff results for pulled-up students. This specification controls by the admission program with the local context GPA reform in order to ensure that the variation only provide from students with admission to more selective programs after the reform, and not from potential changes in the compositions of programs assigned between 2012 and 2013.

Table 14: Graduation averages from any program by groups, before and after the reform

	Controls	Pulled-Up	Pushed-Down
Grad by 6yr Pre-Reform (2012)	0.22	0.24	0.21
Grad by 6yr Reform (2013)	0.21	0.22	0.19
Difference	-0.01	-0.02	-0.02
	Controls	Pulled-Up	Pushed-Down
Grad by 7yr Pre-Reform (2012)	0.36	0.40	0.35
Grad by 7yr Reform (2013)	0.34	0.37	0.34
Difference	-0.02	-0.03	-0.01
	Controls	Pulled-Up	Pushed-Down
Grad by 8yr Pre-Reform (2012)	0.46	0.51	0.47
Grad by 8yr Reform (2013)	0.42	0.45	0.42
Difference	-0.04	-0.06	-0.05

Notes: averages for a variable that indicates if the student graduates from some program (selective or non-selective). The difference by group, between after and before the reform is shown in the 3rd row.

Table 15: Effects on graduation from any program

	(1) Grad by 6yr	(2) Grad by 7yr	(3) Grad by 8yr	(4) Grad or enroll by 8 yr
<b>P-Up x after</b>	-0.003 (0.009)	0.005 (0.011)	-0.008 (0.011)	0.006 (0.010)
<b>P-Down x after</b>	-0.012 (0.009)	-0.015 (0.010)	-0.032*** (0.011)	-0.006 (0.010)
Obs.	234,544	234,544	234,544	234,544
Controls	✓	✓	✓	✓

Robust standard errors in parentheses

Notes: diff-in-diff estimates for the indicator if the student graduate from some program by 6, 7 or 8 years. Column 4 show the results when the dependent variable takes the value of 1 if the student graduate or if the student is enrolled in some program 8 years after application.

Table 16: Effects on graduation from selective and non-selective programs

	(1) Grad by 6yr	(2) Grad by 7yr	(3) Grad by 8yr	(4) Grad by 6yr	(5) Grad by 7yr	(6) Grad by 8yr
<b>P-Up x after</b>	0.143*** (0.025)	0.225*** (0.024)	0.261*** (0.020)	-0.050*** (0.010)	-0.063*** (0.012)	-0.061*** (0.012)
<b>P-Down x after</b>	-0.160*** (0.025)	-0.235*** (0.024)	-0.315*** (0.021)	0.052*** (0.007)	0.071*** (0.008)	0.082*** (0.009)
Obs.	73,629	73,629	73,629	73,629	73,629	73,629
Controls	✓ Selective	✓ Selective	✓ Selective	✓ Non-Selective	Non-Selective	✓ Non-Selective

Robust standard errors in parentheses

Notes: Columns 1-3 show the results for graduation from a selective program by 6, 7 or 8 years after application. Columns 4-5 show the same results for non-selective programs.