

[Download](#)  
[Other Working Papers](#)

Keep in mind

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor  
Leonardo Fabio Morales  
Christian Posso  
Luz A. Flórez

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc)

Publication Date  
Tuesday the 5th of January, 2021

The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

## **Abstract**

This paper uses administrative records from different sources to construct a unique data set of low-income students in Colombia born from 1980 to 1990. This data includes cognitive test results, socio-economic information at their high school final year, and information on their labor market results, many years after high school graduation. We evaluate the returns by estimating the Marginal Treatment Effect (MTE) of the tertiary investment decision. The MTE allows estimating a random parameter for tertiary education return, which varies with unobserved heterogeneity across workers. We find sizeable heterogeneity in returns, as recent literature has also identified, to the extent that for a considerable mass of the population, the return is negligible. Using the estimated models, we simulate two types of policies: one that increases the supply of tertiary education and another that enhances secondary education quality. We find that a less costly policy that improves secondary education quality gives similar returns than a more ambitious policy that increases tertiary education supply.