Credit Access and College Enrollment

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Abstract
Does access to credit explain the gap in schooling attainment between children from richer and poorer families? I present new evidence on this important question based on the causal effects of two college loan programs in Chile that are available to students scoring above a threshold on the national college admission test, enabling a regression discontinuity design. I find that credit access leads to a 100% increase in immediate college enrollment and a 50% increase in the probability of ever enrolling. Moreover, access to loans effectively eliminates the family income gradient in enrollment and the number of years of college attainment.

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