Educational, Labor Market and Welfare Impacts of Scholarships for Private Secondary School in Colombia

Guest Lecture by Juan Saavedra
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Abstract: A large-scale government program in Colombia used a lottery to distribute scholarships for private secondary school to socially disadvantaged students. Based on administrative data up to twenty years after the scholarship lottery, we document that lottery winners are less likely to repeat grades, more likely to graduate from secondary school on time or ever, and more likely to start and complete tertiary education— particularly among applicants to private vocational secondary schools. Scholarships reduce teen fertility, although there is no significant effect on overall fertility at age 30. Chiefly among vocational school applicants, total formal sector earnings at age 30 are 17 percent greater for lottery. Welfare analyses suggest the expected net present value of increased net tax receipts due to the program exceed the program’s fiscal cost among female applicants, and the program is welfare improving for females as long as externalities on non-recipients are positive, zero, or negative but less than $2,400 per scholarship recipient.

Juan Esteban Saavedra is an Economist at the Dornsife Center for Economic and Social policy research with a research focus on development economics, labor economics, and the economics of education. He has published peer-reviewed articles and book chapters on topics that include vouchers for private schooling, the impact of educational resources on attainment, college value added, and job training. His current research projects include work on the collegiate and labor market impacts of school vouchers, the returns to college selectivity, the long term educational and employment impacts of conditional cash transfer and job training programs, charter school impacts, teacher quality and savings in low-income populations. He is currently the principal investigator for two randomized demonstration projects in Mexico and Colombia investigating, respectively, the impacts of a pilot charter school and how content, intensity, and exposure to financial information affect savings among low-income youth.