

# Labor Market Returns to Student Loans for University: Evidence from Chile

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## Abstract

We study the labor market returns to a state-guaranteed loan used to finance university degrees in Chile. Using a regression discontinuity design, we show that marginally eligible students forgo vocational education in favor of university education but reduce their probability of graduation. Even though university loan takers accumulate more student debt, their labor market outcomes are not different from those of ineligible students. We find suggestive evidence that the lower quality of the receiving institutions accounts for these results. Finally, we extrapolate the effects away from the eligibility cutoff and show that supramarginal students benefit from this policy.

## Palabras clave

**KeyWords Plus:** [FINANCIAL-](#)

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