

# University Quality and Earnings: Evidence from Linked Administrative Data in the UK

*Stijn Broecke*

## ABSTRACT

This paper estimates the returns to institutional quality and selectivity in the UK using administrative data on applications and acceptances to university which have been linked to student records and a survey of graduates three and a half years after graduation. In the UK, applicants to full-time undergraduate courses apply through a centralised university admissions system and are allowed a set number of choices. Universities independently decide to accept or reject candidates and offers are often "conditional" on achieving certain grades in secondary school examinations. Once they have received their offers, candidates pick a preferred ("firm") and backup ("insurance") choice. The final institution the candidate ends up attending depends on whether or not she meets the conditions set out in her preferred offer. This unique feature of the UK university admissions system means I can compare individuals who applied to, were accepted by, and expressed a preference for attending a similar set of institutions (an extension of the methodology used by Dale and Krueger, 2002). This approach means that any bias in estimates of the impact of university quality/selectivity on earnings resulting from selection into institutions based on unobservable characteristics can be greatly reduced - not only at the application and admission stages, but also at the final enrolment stage.

**KEY WORDS:** University Quality, Returns to Education, Selection on Unobservables

**JEL CLASSIFICATION:** I23, J24