College Loans and Post-schooling Skill Accumulation

Hsuan-Chih LIN
Assistant Research Fellow
Institute of Economics
Academia Sinica

Date & Time: 23/01/2019, 14:30 – 16:00
Venue: E21-2001
Language: English

Abstract
We investigate the effect of college loan debts on a borrowing-constrained worker’s career choices and post-schooling human capital investment. We build a life-cycle model, in which a worker makes dynamic decisions on consumption, savings, labor supply, and human capital investment. We estimate the model using data from NLSY79. We show the extent to which the career paths of borrowing-constrained workers were distorted by the burden of paying back college loans. We study the effects of counterfactual college loan payment policies on workers’ careers and welfare.