

Changes in Return to Higher Education 1998-2004

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Return to Education

■ Motivation

■ Literature

- Acemoglu&Angrist (1999) USA
- Blundell et. al. (2000) UK
- G.Brunello et al. (2001), C.Harmon et al. (2002) UE15
- A. De la Fuente (2003) EU commision

Return to Education in CEE

- A.Newell & B.Reilly (1999)
- F.Pastore & A.Verashagina (2006)
- G.Psachapoulos (2003)

Public sector

- Government spending about 1% of GDP, spend on:
 - Maintenance and teaching 78%
 - Financial aid for students 18%
 - Investments 6%
- research grant system
- Increasing teaching role and decreasing research role

Financing scheme

- Public sector HE
 - 70% budget
 - 15% tuition fees
 - 12% research
- Private sector HE
 - Tuition fees 94%

Private sector expansion

■ 1991/92	10
■ 1997/98	146
■ 2006/07	318

Number of students (in 000)

# students	Public Non-fee	Public Fee	Private
1991/92	313	100	14
1998/99	497	390	226
2006/07	804	497	640

Methodology

- Rationality
- Comparative Advantage Theory
- Mincerian wage equation
- Sample Selection Approach
- Homogeneity of HE

Sample

- HBS data
- working population
- full-time employed

Estimated Return to Education

year	Without opportunity cost	with opportunity cost
1998	8,43%	6,83%
1999	7,68%	6,09%
2000	8,21%	6,60%
2001	7,04%	5,44%
2002	10,26%	8,72%
2003	10,62%	9,27%
2004	10,21%	8,79%

Conclusions

- Return to education has risen
- Changes in labour market structure
- Link with labour market