Information, Perceived Returns and College Major Choices

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Abstract

Students may hold inaccurate beliefs about earnings and employment opportunities when making their education decisions. This paper analyzes the effects of information provision on student’s intended and actual college major choices in Georgia. Secondary school students in our experiment systematically overestimated the earnings and unemployment rates of college graduates. We find that 10 percent more students who received information on actual earnings and unemployment changed their actual college major choices than others. The changes in their majors are partly driven by differences in the perceived and actual unemployment rates, whereas the earning differences do not appear to play a role. We also estimate spillover effects on students who do not receive information directly, and show that they matter, but only for older students who are closer to high school graduation. Importantly, we find that the immediate changes in the intended choices are not linked to the final major choices, suggesting that measuring the effects of information on immediately expressed intentions may not be sufficient to understand how information affects actual real-life decisions. We find that both direct and indirect information provision have sizable effects on student college major choices.

Keywords: college major, perceived unemployment, perceived earnings, information

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