Research Statement

Cristián Sánchez, November 2026

I am an applied microeconomist studying how efficiently public resources are allocated and how effectively public policies achieve their goals. My research focuses on education, labor, and credit markets in Latin America, where decisions by families, schools, workers, firms, and lenders shape human-capital accumulation and firms' access to credit. In these markets, schools and banks often decide whom a public policy reaches, which makes its design important. In my work, I evaluate existing policies and study alternative designs, focusing on the mechanisms and incentives behind their effects.

I combine design-based and structural approaches. I exploit quasi-experimental variation from program rules and timing to identify causal effects, and I develop equilibrium models to evaluate policy designs that have not been implemented.

Education Markets. In Latin America, private providers play a sizable role in education. In Chile, about 60% of primary students attended private schools in 2013, and almost nine out of ten of them attended schools that received government funding. In these settings, private schools retain discretion over prices and program participation, and their responses to policy incentives may not align with policymakers' goals. In Sánchez (2026b, second-round R&R, *JPE*), I study schools' responses to Chile's targeted voucher, introduced in 2008 as an addition to the country's universal voucher. The program gives participating schools an additional subsidy for each eligible low-income student, while requiring them not to charge those students fees. Participating private schools remain free to set fees for other families. By 2013, more than two-thirds of subsidized private schools had joined, including almost all schools that charged low fees before the reform.

To study the consequences of the program, I develop and estimate an equilibrium model in which families choose among differentiated schools, while subsidized private schools decide on the extensive (participation) and intensive (fees) margins. I find that the policy segments the market. Specifically, lower-quality schools opt in and reduce their fees, while higher-quality schools opt out and raise them. This pattern reflects differences in schools' incentives and families' price sensitivity. Low-fee schools, which have lower measured quality on average, give up little fee revenue by joining. Some low-income families move from public schools to participating private schools, where they pay no fees. Meanwhile, schools that opt out attract higher-income families and raise their fees. In equilibrium, low-income families face lower prices and modest quality gains.

I then use the estimated model to evaluate budget-neutral redesigns, including vouchers indexed to school quality and a fixed incentive to participate. These designs improve the quality mix of participating schools but yield limited gains for low-income students, because their school choices respond relatively little to changes in quality. Of the counterfactual policies I consider, only mandated participation delivers appreciable gains for these students, at a higher fiscal cost.

A longstanding debate in education concerns whether for-profit schools should be allowed to operate alongside nonprofit and public providers, particularly when they receive public subsidies. Much of the evidence on for-profit education comes from colleges in the United States, whereas evidence on for-profit primary and secondary schools remains scarce. Two of my papers study subsidized for-profit and nonprofit schools in Chile.

In Sánchez (2026a, submitted), I examine the effects of attending subsidized for-profit or nonprofit high schools, relative to public schools, on the 10th-grade test scores of Chilean students from public primary schools. I combine administrative test-score records with value-added, instrumental-variables, and structural approaches to estimate both average effects and how they vary across students. Both for-profit and nonprofit

schools raise achievement relative to public schools, with larger gains in nonprofit schools. The gains from nonprofit enrollment are greatest for low-ability students. However, estimated gains are positive at every level of unobserved ability for both types of school.

A related question is whether the achievement gap between for-profit and nonprofit schools reflects differences in how they produce education. We address this in Boggiano, Sánchez, and Valdebenito (2026, *Applied Economics Letters*), studying Chile's subsidized private primary schools. We find that for-profit schools use lower-cost inputs than nonprofit schools, including less-qualified teachers, but provide more instructional hours and smaller classes. We also provide suggestive evidence that differences in school inputs explain much of the test-score gap between for-profit and nonprofit schools after accounting for student characteristics.

Labor Markets. The transition from school to work is a natural bridge between my work on education markets and my work on labor markets. In Rau, Sánchez, and Urzúa (2026), we examine the labor-market returns to postsecondary education and how attending a subsidized private high school instead of a public one changes students' schooling and labor-market outcomes. We follow a cohort of Chilean students who completed eighth grade in public primary schools in 2000 into higher education and the formal labor market in their mid- to late twenties. We distinguish between professional (university-track) and technical programs and account for the fact that many students enroll but do not complete their studies. Drawing on rich administrative data, we use value-added and structural models to estimate these returns. We find that, relative to a high-school diploma, a professional degree yields the largest wage gain, while leaving a professional program without a degree lowers both wages and formal employment. A technical degree yields a smaller wage gain, and leaving a technical program without a degree raises both wages and formal employment. Because many students who enroll in a professional program do not finish it, the expected wage return to enrolling in one is statistically indistinguishable from zero, while the expected return to enrolling in a technical program is positive.

Attending a subsidized private high school instead of a public one raises postsecondary enrollment, entirely in professional programs, but most of the additional enrollment ends in dropout, and the share of students holding a degree is no higher. Yet these schools raise wages and formal employment. Essentially all of these gains arise with final schooling held fixed, while the change in schooling they induce contributes almost nothing.

Beyond the returns to education, I study how institutional rules shape pay in the public sector. In Bordón, Estrada, Sánchez, and Sarzosa (2026), we examine gender pay disparities among teachers in Mexico's public-school system, a highly regulated labor market with standardized salary schedules and centralized wage setting. Such standardization is often viewed as a way to reduce gender pay gaps, but whether it does so in practice is an open empirical question. Our analysis focuses on Mexico's public primary schools, which employ about 500,000 teachers.

The salary schedule sets a teacher's base pay by position and region of work, and pay increases are negotiated with the teachers' union. Pay for the same position rises with seniority and with promotion categories, which teachers earn through centralized evaluations. In addition, a teacher can hold more than one position, since many schools run separate morning and afternoon shifts. We use payroll records from 2016 to 2024 for generalist primary teachers, who are each responsible for one class. The records identify the school of every position that a teacher holds on the federally funded payroll, which allows us to separate the gap in pay for the same position and school from the gap that arises from additional positions.

We find a small gap in pay for equal work, and it reflects differences in seniority and in past promotions. Women earn 0.018 log points less than men of the same age who hold the same position in the same school. When we control for seniority among teachers hired after June 2016 and for age among the other teachers,

the gap falls to 0.008 log points. Differences in the promotion categories account for the remainder.

With the same controls for seniority and age, the gap in total earnings is larger, at 0.036 log points among teachers with the same main school. This larger gap reflects two differences in additional positions. Men are more likely to hold more than one position, and their second positions pay more, relative to their first, than women's second positions do.

Since women are less likely to hold more than one position, we also examine whether motherhood contributes to their lower earnings. We use maternity-leave records in an event-study design that compares women who give birth with women who give birth later. We find that motherhood reduces women's pay per position, the number of positions they hold, and their total earnings.

Credit and Financial Markets. During my time at the Central Bank of Chile, I interacted with policymakers involved in banking regulation and lending-program design. This experience led me to study government-guaranteed lending programs, which aim to expand credit to firms that lack collateral and have limited access to financing. In Chittaro and Sánchez (2025), we study FOGAPE, Chile's public credit-guarantee program, which played a central role in the country's response to the COVID-19 crisis. The program operated through commercial banks, which retained discretion over loan approvals. Its guarantees covered only part of each loan, leaving banks responsible for some losses and preserving their incentive to screen applicants. Linking administrative records to loan-application data and using a leniency-based instrumental-variables design, we find that the guarantees postponed defaults for two years but did not reduce cumulative defaults over five years. We also find that banks used this incentive to direct credit toward firms that would have been safer even without the program.

To assess the program's broader effects, we calibrate a dynamic model to match our instrumental-variables estimates. The model implies that FOGAPE generated welfare gains 21% greater than its fiscal cost, with limited rents for banks and modest increases in aggregate risk-taking. It also shows that younger firms are the most cost-effective to support, yet are the least likely to be approved because their growth depends on borrowing, which increases default risk. A budget-neutral redesign that raises guarantee coverage for younger firms and lowers it for others could raise the program's aggregate welfare gains by up to 6%.

Ongoing Work. My current work with coauthors includes studies in all three of the above-mentioned markets. On education and labor markets, we study the design of policies that recruit students into teacher colleges in Chile, and whether salary bonuses raise the retention of high-performing teachers in Mexico's public-school system. On credit markets, we examine how students and colleges in Chile respond to state-guaranteed student loans and the consequences of these loans for graduates' labor-market outcomes. We also study how bank exits in Portugal affect lending relationships and the production of soft information about borrowers. Lastly, we study Chile's card payments market after its liberalization in April 2020, when acquiring, the service that lets merchants accept cards, opened to competition.

Teaching and Advising. At Universidad de los Andes, I teach Intermediate Microeconomics I and Industrial Organization to undergraduates. At ITAM (2018–2023), I taught Advanced Microeconometrics and Empirical Industrial Organization in the Master in Economic Theory, a Research Seminar for undergraduate and master's students, and Intermediate Microeconomics for undergraduates. Earlier, I taught undergraduate courses at the University of Maryland and Universidad de Chile. Four students who worked with me went on to PhD programs. Gabriel Cañedo Riedel and Adrián Martínez went from ITAM to UC San Diego, René Nieto from ITAM to Michigan Ross, and Sofía Arredondo from the Central Bank of Chile to Wisconsin–Madison.

References

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