Match.edu: College Choice and Assortative Matching

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Abstract

An income tax system cannot simultaneously be progressive, neutral to marriage decisions, and tax equal-income married couples equally. In a world of positive assortative matching, marriage penalties may become more pronounced. This paper proposes to examine the degree of assortative matching using information from individual income tax returns, in particular information from Form 1098-T. Eligible educational institutions (post-secondary educational institutions that are eligible to participate in the Department of Education’s student aid programs) file a 1098-T for each student they enroll and for whom a reportable transaction (related to qualified tuition and related expenses) is made. The 1098-T contains unique identifiers for the educational institution and the student. The universe of 1098-T recipients between years $t$ and $t + s$ will be identified and tracked from years $t$ to $t + s'$. The institutional identifiers for students and their spouses will be examined. Institutions will be grouped in a variety of ways to answer questions of the following type: (1) What is the prevalence of students’ marrying students from the same institution? (2) What is the prevalence of students’ marrying students from institutions of similar type (public vs. private, small vs. large), quality, and selectivity? Understanding the degree of assortative matching in the population and how this evolves over time provides insight into the extent of marriage penalties (and bonuses) in the tax system, both at a point in time and, more importantly, over the life cycle of an individual and across generations.

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