

Fair enrollment dilemma

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Abstract:

Students from low-income backgrounds often refrain from applying to private schools, even when highly motivated, due to financial constraints. In response, many developed countries have adopted financial aid policies, such as tuition waivers and scholarship programs, to expand access. At the same time, fairness in school assignments remains a central concern. This paper examines whether such policies benefit their intended recipients and improve overall student outcomes under the student-optimal stable assignment. Counterintuitively, we show that financial aid can render all students weakly worse off, with some strictly worse off. We also identify a necessary and sufficient condition on the priority structure that prevents these adverse effects.