Seminario de Microeconomía Aplicada - Equity, Efficiency, and the Design of Financial Aid Policy

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Resumen: In the benchmark public finance model, a social planner allocates transfers to maximize a social welfare function, balancing equity and efficiency. This trade-off is central to college financial aid, where eligibility increasingly depends on both SES and academic ability. This paper examines how targeting rules shape the equity-efficiency trade-off using variation in eligibility cutoffs from a Colombian aid program and linked administrative data. We find that test-score selectivity reduces equity without clear efficiency gains. Higher-scoring students are more advantaged and likelier to enroll regardless of aid, limiting equity and efficiency if enrollment is socially valued. Their responses occur mainly along the intensive margin—enrolling in more costly, higher-value-added programs—without unambiguously improving the marginal value of public funds. These results suggest that changes in targeting criteria cannot be justified by normative grounds alone and may reflect political economy constraints on policy design.

Acerca de la expositora: Juliana Londoño Vélez es Profesora Adjunta de Economía en la Universidad de California, Los Ángeles. Además, es Investigadora Asociada de NBER y afiliada a J-PAL. Es economista aplicada y se especializa en pobreza, desigualdad y políticas redistributivas.

Tiempo de exposición: 1 hora

Fuente: https://www.banrep.gov.co/es/seminario-microeconomia-aplicada-equity-efficiency-and-design-financial-aid-policy