



# Rural Education Action Program

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## Publications



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### The Distribution of Financial Aid in China: Is Aid Reaching Poor Students?

Journal Article

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China's central government incrementally introduced various kinds of student financial aid since the late 1990s in response to public concerns about the rising burden of college prices. Despite the marked increase in financial assistance from governmental as well as non-governmental sources in recent years especially, little is known about how well aid is currently distributed across Chinese universities and whether it is successfully reaching needy students. We use a unique randomly-sampled dataset of all local senior college students in one northwest province and a combination of non-parametric, semi-parametric and fixed effects methods to examine how various types of financial aid are currently distributed to students of different backgrounds across the university system. We also evaluate whether aid is reaching the main target population of low-income students. We primarily find that government-financed aid is allocated evenly across universities of varying selectivity and is reaching its target population of low-income students within universities. By contrast, university- and society-financed aid is not reaching low-income students. In addition, students in the most selective universities receive large implicit subsidies as they have high instructional costs, get more aid, and pay low tuition fees. Finally, a significant proportion of disadvantaged students do not seem to receive any type of aid.

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**Complete (modified August 2013)**

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**Topics:** Society | China

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