

Alternative Scholarship Allocation Designs for University Placement System in Turkey

Orhan Aygün

Abstract

The Turkish University Placement System, with its embedded scholarship distribution mechanism, is a complex student placement mechanism. The tuition fees and scholarship allocations play crucial roles. In an environment with limits on student preferences and the natural assumption that students prefer higher scholarships to lower ones for any department, stable mechanisms become unfair and wasteful. In this paper, first we introduced three new desiderata of mechanisms, unobserved individual rationality, unobserved envy-freeness and unobserved non-wastefulness, which consider contracts outside of the submitted set. Then, we showed the violation of unobserved envy-freeness and unobserved non-wastefulness, theoretically and empirically. Then, we introduce two alternative mechanisms, with one demonstrating weak Pareto dominance over stable mechanisms, and the other emphasizing fairness. Our model incorporates a matching-with-contracts framework, conceptualizing student-department-scholarship trios as contracts, and departing from conventional literature, we work with choice rules choosing outside of the offered set.