

Fertility decline and school choice: Implications for policy

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Abstract

The continued decline in the fertility rate in many developed countries has numerous long-term economic effects. This paper focuses on school choice and the implications for schooling. As low fertility reduces the number of prospective students in a school choice district, an educational authority must decrease the capacity of the school system, which it can do by: maintaining existing schools but shrinking class size or shuttering some schools. Using comparative statics for matching mechanisms, we find that, while politically challenging, shuttering schools is more likely to achieve a stable, efficient and group strategy-proof mechanism than reducing class size.