ISSUES IN HIGHER EDUCATION-A REVIEW

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Abstract:

Higher education has number of issues globally. In countries like India, we have the unique problem of reservations in higher education seat allotment. In this paper, only those issues that are common globally are reviewed .They are cost of higher education, student debt incurred as a result of pursuing higher education, private and social rate of return and issue of impact public expenses. These have the impact on enrolment in higher education and the drop out ratio.

Higher education refers to the post school level, wherein the student has been enrolled and has had formal education for 12 years. After such a period of 12 years, the student takes up education in an university/ college, and may pursue education for 3 or 4 years for bachelors and another two years for the masters.

Cost of higher education and financial implication:

In US, cost of higher education has increased by 15% from 2008 to 2010. Increase in cost of education id fuelled by increase in rate of bank interest and higher cost of education in private universities. Community colleges, however manage without increase in tuition fee structure. Cost of providing higher education at graduate level is much higher than the 'sticker' prices charged by the institutions. The majority of costs incurred are for instruction and student services. American education system is highly diverse and so cost of providing higher education is also

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different across the board. Paul F. Campos (2015) found that the college tuition fees were hiked because of the government funding on higher education had been decreased.

In US, nearly $ 283 billion are spent on higher education in 2008-09, which means for every semester, expenditure of $ 487.5 million are spent. Nearly 35% of the students who had enrolled in the first year leave the educational institutions without completing the remaining courses.The result of this attrition is a large number of unfinished degrees, which are costly for states, students and institutions. Recent work by Schneider (2010), finishing the First Lap, estimates that state and federaltaxpayers spend more than $9 billion educating first-year students who will not return the following year. Mark Schneider and Lu Yin (2012) had estimated that when students drop out of courses, they lose their life income of about $ 3.8 million per year and federal government loses about $730 million in possible tax income per year.

Cost of higher education has been increasing globally. Helen Li (2013) has observed that tuition fees in US have increased by 12 times over the 1978 index. Factors influencing the raise in tuition fees are growth of population, higher remuneration to professors and fall in total enrolment in higher education. Filipa Sa (2014)has analysed the elimination of upfront fees in Scotland in 2001 and the increase in tuition fees in 2012. He has concluded that elimination of upfront fees had increased admission by 21 log points, while the raise in tuition fees had reduced admission by 25 log points.

Garg (1985) argued that the unit cost is most often expressed in terms of per student enrolled, but these can be expressed in other definable units such as per student graduated. The main classification of educational costs by the incidence of burden was (a) institutional costs which is sum of (i) current or recurring or operating costs and (ii) capital costs; (b) household or private costs which include (i) net tuition costs, that is fee paid minus financial aid received by a student and (ii) non-tuition costs; (c) social costs which is sum of (i) institutional costs (current costs and capital costs), (ii) private costs (non-tuition costs) and (iii) earning foregone. The major components of recurring costs in the study were: teachers' cost, non-teaching cost, consumable material cost, scholarships, and maintenance cost of infrastructure (playgrounds, repair and maintenance of capital assets, durables, unspecified items or (miscellaneous) and organization of

literary activities, recreation and cultural activities. The components of capital costs were the buildings and other capital installation, equipments apparatus, teaching aids, library books, periodicals, newspapers, etc. However, the private costs consisted of the tuition cost, non-tuition cost (it includes: additional cost of living in hostels, uniform cost, transport cost) and opportunity cost. This was the first study which calculated per unit cost of higher education both at the institutional and private levels in Punjab. The main conclusions of study were: (i) unit cost of education both at current and capital level had shown an upward trend; (ii) science departments had higher unit cost than that of others; (iii) salary component constituted the major proportion of recurring cost in each department; (iv) subsidization of unit costs from public funds had increased over a periods of time; (v) economic status of university students was better than that of affiliated colleges; and (vi) demand for higher education was high from the households belonged to the administrative and professional services.

Rate of return on education:

George Psacharopoulos and Harry Anthony Patrinos (2004) have made an observation the private return on education are higher than to social return on education. The private return on education based on private benefits. Which are high due to the government subsidy on education? In Latin America and sub-Saharan African region average return are very high while the return on lower for the high income OECD countries and for the middle east and north Africa group of companies in Africa they social returns are 16.2 percent while the private returns are 20 percent.

Alan Stark (2007) his observation in Canada feels that the return on education depends on the choice of the field study and the decision to pursue studies at graduate level he talks about the life time earnings of the individual. He observes that the total returns (public returns) should be considered in the context of direct cost and benefits for the society.

Clive R. Belfield (2003) has provided the method of evaluating the cost and returns. The individual rate of return can be positive or negative but the social rate of return is always positive. The calculation of rate of return is very important for policy evaluation of education. He has agreed with the observation of (Nussbaum, 2001) (Hahn,2001) (Frank, 2001) (Herrnstein

1997) the calculation for rate of return on education should take into account the individual participant, funding agency of education, education provider and the government.

Colm Harmon et.al (2000) has opined that rate of return is schooling in United Kingdom is between 7 to 9 percent. Persons with high ability and higher education attainment are able to get higher returns ranging from 11 to 15%.

Jaison R. Abel and Richard Dietz (2014) hasdeveloped a doubt as to whether education for graduation satisfies the cost benefit criteria. In certain cases the returns are more than the cost but generally questions remains as to whether investment on education is worth or not.

George Psacharopoulos (1994) observes that investment on pricing education has the highest priority of developing countries. He uses the basic earning function and the extended earning functions for the primary, secondary and tertiary education. There are difficulties in calculating cost benefit ratio due to complexity and diversity in among countries.

Ephraim W. Chirwa and Mirrian M. Matita (2009) observes that for every additional year of schooling, to return increase by 10 percent. He has taken samples from Malawi.

TusherAgarwal (2011) findings indicate that return to education has increased in the last of education and differs for the rural and urban people. Returns also differ considerably between different education streams. Return to education is higher for lower of education and decline with the low of education.

Duraisamy (2002) estimates the returns to education by age-cohort, gender and location using the data from the National Sample Survey Organization (NSSO) surveys. The study finds that private rates of return to education in India has increased up to the secondary level, but diminishes afterwards. The rates of return per year of schooling in 1993-94 for the primary(7.9), middle(7.4) secondary (17.3), higher secondary (9.3) and graduate levels of education (11.7) percentage respectively. There are considerable gender and rural–urban differences in the returns. The returns at primary and secondary levels and for technical diploma are higher in rural

areas than in urban areas. The returns at the middle, secondary and higher secondary levels are higher for women than that for men. The returns to women's education are twice than that for men at the secondary level and are highest across all the educational levels. Further, the returns are higher for technical diploma as compared to college education particularly for men. An increase in the demand for highly qualified and technical persons, possibly because of the rapid industrialization in the past decade, could explain the higher returns for higher secondary, technical diploma and other higher levels. The returns to education also vary by the nature of employment or work contract.

Dutt (2006) finds significant difference in the returns between casual and regular male workers using three rounds of the NSSO survey. While those in the former category face 'flat' returns, those in the latter category have positive and 'U-shaped' returns with respect to levels of education. These patterns indicate that there is no incentive for casual workers to gain higher education (beyond primary schooling) whereas there is an incentive for regular workers to acquire higher levels of education. Dutt (2006) also finds evidence of changes in the returns to education over time (1983-1999) for regular workers and widening of the wage gap between graduation and primary education. This has been attributed to trade liberalization and other reforms that had taken place in India during the 1990s.

Public expenses on education:

Abdul B. Kamara et.al (2008) observes close correlation between public expenditure on education and economic growth and human capital development. Baldacci et al. (2003)has evaluated during 1996 to 1998 with usage of covariance structure model for 94 developing nationsthe government expenditure on education. He observes that government spending on education alone does not develop the social output. He suggests removal of unfavorable social conditions and increase in governmentspending to increase speedup human development. Moore (2006) has observed that 1% increase in education expenses can increase GNP by 0.5%.

Varghese (2005), in his paper, on reforming the education financing points out that Indian government finds it difficult to cope with the ever increasing financial requirements of an expanding system. For this, the study had suggested two major propositions: (i) improving

efficiency in the functioning of the public institutions on the one hand; and (ii) mobilizing resources from non-governmental sources on the other. It is felt that the country needs to invest more resources at primary and tertiary levels of education. Ultimately, these reforms lead to the shifting of the burden of cost from the public to private and household domains.

Students' Debt:

Observing about student loans, Nicholas W. Hillman (2015) finds that in US, the student can borrow about $31,000 for dependent students, $ 57, 500 for bachelor's degree independent students, and $138,500 for graduate /professional course students. A loan does not alter the general attitude of the students. Loan repayment is on the basis of the "Mortgage-style" repayment schedule. Daniel Indiviglio (2011) has made an observation that the student debt is greater than the household debt. The student loan debt has been increased by 511 percent over between 1999 and 2011. Since the students have to repay loans every month after their studies, Jen Mishory et.al (2012) thinks that it may impair the ability of students to go on for other types of loans, particularly the housing loans. American Student Assistance (2013) has

(ASA survey respondent, 2013).Dora Gicheva (2011) feels that the student loans have negative impact on the marriage proposals.

OzanJaquette (2015) has observed that that the share of federal student aid has resulted in higher default rates between 2007-2008 and 2012-2013. The default has come down significantly after 2013-2014 due to the nationwide job market enhancement. Rajeev Darolia (2013) has opined that the loan scheme is pro institutional that it helps in enrolment but not safeguard students against potentially risky human capital investments. There are a number of instances where college students are punished poor repayment performance. Adam Looney and Constantine Yannelis (2015) explained about show that increases in non-payment and delinquency are basically due to increases in the number of non-traditional borrowers and increases the rate of default among these borrowers. These recent non-traditional borrowers were unduly elder, self-regulating of their parents, from middle -income group, and living in more poor areas. Students borrowed considerable amounts to admit in institutions with low completion rates and, after enrolment, experienced poor labor market output that made their debt burdens complicated to

maintain. More than a quarter defaulted on their loans within three years and many more are not making development repaying student loans.

Jason N. Houle (2015) study has explored as to how the education and parents income are connected to adolescent educational loan debt. This research study develops and tested two perspective relationships between educational loan debt and parent's education and socio economic status. The effect of parents' education and socio economic status on debt varies diagonally the debt allocation. Parents' socio economic status is strongly extrapolative of entrance into debt, but there are few difference restricted on going into debt. This study suggested that socioeconomic disparities in debt are principally motivated by the probability of going into debt rather than differences among debtors. However, compare to their more privileged counterparts, young adults from low-socio economic status backgrounds have a higher risk of accrue debt burden that exceed the countrywide average.

Conclusion:

Cost of higher education has been increasing because of 'sticker' prices charged by the educational institutions and escalating cost of inputs for universities. In India, cost escalation is associated with education becoming a marketable product in developing countries. Public funding on education has not increased commensurate with demand conditions. Students have to invariably take loans for joining good institutions and the debt burden seems to be on the raise. Return on education is not uniform for all streams of study.

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