

UNB Profs publish study on cost-benefit for Higher Education

In our recently published research article *Who Should Pay for University Education? Some Net Benefit Results by Funding Source for New Brunswick*, we analyze the investment value of university education in New Brunswick.

This analysis demonstrates that a university education in New Brunswick is cost-effective, and it indicates a continued role for federal government spending for university education.

Published in the November/December 1996 issue of *Canadian Public Policy*, the study analyzes the investment return on a university education by measuring the monetary costs and benefits of attending for three New Brunswick institutions—L'Université de Moncton, the University of New Brunswick, and St. Thomas University. Both individual students and society benefit from university education, and both parties share in its costs. The costs of education take place during the period a student is in school, but the benefits last over the lifetime of the educated individual as at work.

The results of the study are shown as "rates of return" (see accompanying table). Rates of return are defined as the net return of a dollar's investment per year, over the lifetime of the educated individual.

The study assumes a long-term market rate of about six per cent. Therefore a result in the table that is significantly higher than six per cent suggests that university investment is worthwhile, while a result that is significantly lower than six per cent may not be worthwhile.

The main results of the study are as follows:

-The rate of return to university education for federal and provincial levels of government taken together are higher than the case for the Government of New Brunswick alone. This suggests a continued role for federal government financing of university education;

-When out-migration of university-trained students is taken into account—given that a significant percentage of university-educated New Brunswickers leave the province—the rate of return for the provincial government falls to a very low two per cent a year. This suggests that for a small province like New Brunswick with many graduates leaving the province, there is an incentive for the provincial government to decrease spending and to allow university-trained graduates to come from other provinces;

-The rates of return for society as a whole are raised when university research costs are excluded from the

analysis. Since the benefits measured in this study focus on the increased productivity of students in the work force, the costs should be measured as "university education costs" only. Excluding research costs indicates that the rates of return accruing individual students and society as a whole are roughly the same. This suggests that at present student tuition costs as a percentage of total university costs are roughly comparable to the relative benefits going to each party;

-Female students show a relatively higher rate of return to university education than males. This results because women face lower paying jobs, relative to men, for those occupations not requiring a university degree. This may also explain why women make up an increasing percentage of university graduates; and finally

-Looking at the rates of returns to both an individual student and society as a whole (and excluding research costs), all rates are above six percent. This suggests that in general university education in New Brunswick should be seen as a cost-effective investment.

Dr. Dickson, Dr. Milne, and Dr. Murrell are professors at UNB in the Department of Economics

Recent NB study suggests need for continued federal spending for university

Halifax (CNB) - A series of far-reaching recommendations on the future role of the federal government in higher education were presented to the senate sub-committee on post-secondary education by representatives of the Maritime Provinces Higher Education Commission.

"The substantial cuts in cash transfers for education from the federal government are having a serious effect on universities and students in the Maritimes," said Dr. David Cameron, MPHEC interim chair.

One result of the cuts has been an increase in average annual tuition from \$1,700 to \$2,700 between 1984 and 1995. Cameron said students, universities and the entire Maritime community are suffering as a result of the cuts. "Our students are being hurt by higher tuition and burdened with increased debt," he said. "In some cases, worthy young people are now unable to afford the cost of a university education."

Universities, he said, are suffering in a number of ways. "They are having difficulty maintaining their current facilities, let alone responding to changing technologies and workplace demands. What's more, their ability to foster research, which creates new developments, technologies and business opportunities, is severely hampered by inadequate funding."

In light of the federal government's stress on Canada's need to compete in

the global information age and on regional self-sufficiency, Cameron said he finds the lack of support for universities "short-sighted and counter-productive."

On behalf of the MPHEC, Cameron presented 17 recommendations to the senate sub-committee, in Halifax as part of its cross-country tour to examine the state of post-secondary education in Canada.

Included in the recommendations were calls for stable, predictable federal funding for post-secondary education, assistance in the development of new technology infrastructure, measures to lighten students' financial burdens, and increased research support.

The MPHEC also addressed other barriers students face in their access to education and training as provincial government struggle to make do with less.

Among the changes being taken or considered in some Canadian provinces, Cameron explained, are charging higher fees to out-of-province students and providing student aid only to students who study in their home province. The MPHEC has recommended the federal government withdraw funding resources from provinces taking these actions.

In presenting the MPHEC recommendations, Cameron said they represent the views of a broad cross-section of Maritimers.

The MPHEC was formed in 1973 with members from the three Maritime provinces, including representatives of the provincial governments, universities, students and the general public.

"For nearly 25 years, we have been helping the whole Maritime region make the very best use of all our university resources," Cameron said.

Continued from Page 1

When the Task Force finishes its work, the proposal will go to senior university administrators for consideration. "When we feel it's the right time and the right proposal, we'll go to the Board," said Parr-Johnson. She added that she does not intend to keep the proposal secret before the Board votes to accept or reject it, although she does have the power to send it directly to the Board.

"I would want to think about that to give you a definitive answer, but in general I don't think there's any attempt to keep things secret. This is a recommendation on structure and in any manifestation—it could say implement over five years, over ten years, don't do. So I think it needs full discussion."

Parr-Johnson said that VP Finance will be meeting with student leaders from different groups to discuss the budget and the magnitude of the problems the University is presently facing.

Alcohol Awareness Week - Safe Break

TEAM SMART PACE

February 24 - 28

Tuesday, 8pm - Pool Tournament
8pm in both campus bars. Prizes - \$100 singles / \$100 doubles
Entrance fee - \$5. To register contact Denise @ 455-6656

Wednesday, 9pm - Battle of the Bands
Local bands fighting for the title as top band. Prize includes \$100 and a booking at the Cellar. Bands include: Chasing Bumble Bees, Whey, Spacecadet, Amused, Conniption Fit. \$2 cover. In the Cellar

Thursday, 7pm - Weeping Tile Concert
In the Cellar. Designated driver night - 9pm. Prizes for D.D.'s

Monday to Friday, 11:30am - 2:30pm
Information booth in the SUB Lobby. Prizes / Giveaway / Information

HAPPY HOURS! *Chestnut Club* **HAPPY HOURS!**



<p>SATURDAYS</p> <p>You already know what happens between 9-10pm</p> <p>\$1.25 Shots \$2.25 Beer \$5.50 Cocktail Pitcher</p> <p>10pm - 1am</p>	<p>SUNDAYS</p> <p>DRAFT \$1.05</p> <p>12 noon - 7 pm</p> <p>\$1.75 Shot 2 for 1 Beer</p> <p>ALL NIGHT LONG</p>
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Romeo & Juliet

Tilley Auditorium, Wednesday, Feb 26
One Show Only 9:30 P.M.

William Shakespeare's *Romeo & Juliet*
(Twentieth Century Fox)

NESTEL STUDENT UNION