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Cost-sharing as a Reinvestment Strategy in Ethiopian Higher Learning Institutes at Risk

by

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Abstract

The purposes of this paper is to collect graduates' opinion on cost-sharing, assess its implementation and identify the challenges and problems encountered in the implementation of cost – sharing program, and suggest some ways of solving the problems. To these ends, case study design was followed as a principal method of study. University stakeholders including Addis Ababa University and Adama University management and administrative bodies (offices of the registrar, student cost- sharing, finance, and human resource and personnel offices), 51 graduates of universities who came to term with their former universities on cost- sharing and working in different governmental and non governmental organizations in Arada Sub-city and Adama district administration; 2 municipalities, 2 zonal and 2 woreda finance offices; 10 human resource and personnel government offices; 2 branches of inland revenues and customs authorities; 5 government and private banks; 1 telecommunication office; and 3 private higher learning institutes were considered as respondents for this study. The study used Snowball sampling method to collect data from graduate respondents. The research instrument used to collect data included four types of unstructured questionnaires administered to the study participants. Interviews were also used to gather data particularly from the Federal Ministry of Education, Inland Revenues and Customs Authorities, and Finance and Economic Development. Items in the questionnaires were developed based on the powers, duties, responsibilities and obligations given to different stakeholders of higher learning institutes through the proclamation number 154/2008 on cost sharing by Council of Ministers ratified on 1 August, 2008 and published on Negarit Gazeta. The data collected were organized, analyzed and interpreted both quantitatively and qualitatively and the following results were found as the basic stumbling blocks and bottlenecks to the implantation of cost-sharing scheme; lack of specific policies, directives and implementation guidelines; negative perception, lack of awareness on the rationales of cost-sharing, lack of confidence and belief in the scheme and being negligent by the respondent graduates; frequent changes in a rarely available cost- sharing regulations; and lack of responsible independent organ that follows up and supervises the implementation. Moreover, the majority of the graduate respondents (76.50) have not yet started paying their graduate tax. Conversely insignificant percentages (2%) of them have passed through paying the recovery cost. 72% of them had negative perception about the program.

Introduction

Higher education has been a vital component of building democratic societies, fostering economic growth, and a principal vehicle for the advancement of economic mobility and social justice. It reinforces and even accentuates existing social stratification, even while some of the very brightest and luckiest of the poor or the rural or the linguistic or ethnic minorities are able to use higher education to escape from their social and economic marginalization. However, In spite of these generally accepted truths, almost all universities of the world are beset with some variation on the theme of financial austerity. Problems such as overcrowding, declining faculty-student ratios, deteriorating physical plants, insufficiencies and low quality of instructional materials and technology and high tuition fees in relation to the standard of the people are among the main ones. Faced with these financial problems stringency, the government and higher education institutions moved steadily to consider other sources of revenue. One of these sources has been the financial contributions by their students through the introduction of some forms of cost-sharing including sharp rising tuition fees, the growing importance of student's loan and the encouragement of more fee-supported private higher education (Teixeira P. et al 2006:1)

Worldwide, the most common (albeit deeply contested) approach to the need for increasing revenue is some form of cost-sharing, or the shift of some of the higher educational per-student costs from governments and taxpayers to parents and students. This idea seems to be based on the principle that education is a service to be provided for the nurses, and that its direct and indirect beneficiaries should bear the cost (Gasskove, 1994:3)

Accordingly, Johnstone (2006) postulates that the costs of higher education, among others, are borne by the following principal parties: governments, parents and students. There has been serious dispute since the commencement of the idea of cost-sharing. Many advocating the introduction of tuition fees expect them to solve all of higher education's financial problems. Many opposing this view base their position - for example, that access and tuition free higher education must go hand-in-hand, or that tuition fees impose an access barrier and will lead to a decline in student numbers, or that free higher education is fairer from the point of view of distributional justice. Several of these assumptions have been eroded by research on the economics of education. For example the absence of fees does not help to boost participation of students with low socio-economic status (studies in the Scandinavian countries). Neither did the abolition of tuition fees in Ireland in the mid-1990s lead to increased participation in students from lower socio-economic status. In the UK and other countries, there have been significant increases in both applications and enrolments despite the introduction of tuition fees (Teixeira et al 2006).

There are important economic arguments about cost-sharing. It can be argued that if the users of higher education are requested to pay directly a part of their instruction, higher education will work more efficiently. On the other hand, the demand will be less biased by underestimation of the cost. Moreover, users paying a higher amount will tend to demand more about the quality of the services provided. This, in turn, will make the institutions more aware of the need to improve their efficiency in the use of their resources.

The higher the fees students pay, the higher the benefits they expect to receive from the provider. Claiming the charging of fees is, therefore, the introduction of a client-producer relationship in higher education that disturbs many higher education

stakeholders. Tuition fees are also expected to work as an incentive for the students to behave efficiently, inducing them to make more conscious choices.

Cost-Sharing is also supposed to play a very important role from an institutional point of view. Apart from the role of fees in rationing available supply across consumers and giving price signals to consumers, fees play a role as a source of revenue for higher education institutions and may serve to increase the range of choices in program supply and delivery and the capacity of the higher education system. Certain efficiency gains are also expected due to increasing completion between providers and to a close relationship between the student and the institution. Fees are assumed to increase efficiency, quality, and because of extra revenues they bring in that can be used to subsidize students from under represented groups, can even help improve access (ibid, Shimelis 2004).

Another debate about cost sharing scheme is that greater cost recovery will discourage some students who would otherwise have attended. How governments respond to the vulnerable groups who are denied access, not because of super charges but because of poor access to earlier education opportunities, social attitudes to further education is a key issue here (Albrecht and Ziderman, and Gould Cited in Debashu (2005:4.) One of the significant problems related to this issue is what the World Bank (1995: 109) explained the reluctance of such students to accept loan. Accepting loan against future earnings may not seem certain to them. To the country, many evidences can be cited. it promotes access because the current economic constraints of African governments and the increased pressure to cut public spending, the ever increasing social demands will not be met under such circumstances.

Supplementary Basic Ideas on Cost-Sharing

Rationales for Cost – sharing in the Higher Learning Institutes

For many years, perhaps in most countries of the world, financing higher education – as well as education at all levels - had been one of the responsibilities of the governments.. However, these days, the resources allocated to all educational levels by governments is being challenged by many variables of which the increasing demand for enrollment is the crucial one. Hence, many countries are turning their faces to share costs with beneficiaries to, partially, finance higher education for the following justifications, in addition to the aforementioned ones (see Derebssa 1998:15; Albrecht and Adrian 1991:1; Johnston and Preetishr off 2003:2-3, Teshome 2006: 11-13):

- I. Financial Pressures on public budgets because of the dramatic increase in the demand and costs per student for higher education, which means that many governments are seeking ways to increase private contribution to the costs of higher education.
- II. Changing educational priorities have resulted in several governments giving higher priority to primary and secondary education, and trying to increase cost recovery in higher education, in order to free resources from lower levels of education;
- III. In attempting to improve the efficiency of higher education, cost- sharing is believed to be a more efficient use of public and private resources. Moreover, it is believed that cost- sharing encourages learners to bear the marginal costs of their education. They make better choices, study harder and be more committed and thereby enhance completion with minimum drop-out and repetition; and
- IV. The concern about equity leads advocates of loans to argue that loans will result in a more equitable sharing of the cost of higher education than a system of grants, scholarships and free tuition, financed from government revenue,

which mainly benefit students from upper-income families, who in the future are likely to enjoy higher than average incomes.

Loan recovery through the graduate tax

There are deferred or delayed loan repayment options that offer students credit in the form of the following:

- a. Mortgage-type loan where repayment is made over a specified period, usually in fixed monthly payment whose level depends upon interest rates and the maximum length of repayment period. This type of loan commit the debtor to repaying an open ended proportion of his/her income, and may deter borrowing among the very groups that the loans are intended to reach.
- b. The second type of student loan is similar to the mortgage- type loan except that the installment is not constant.
- c. The third type of student loan is an income contingent loan in which a fixed proportion of a graduate's annual income is used to repay the loan. This is what our country is implementing in higher education.

Income contingent loans are expected to be more favorable than mortgage-type loans to low income students. Because the future value of a degree is not known with certainty, the risk of borrowing for education is greatest for poor student whose future earnings potential may be lower than that of 'wealthier' students. This type of student-loan provides for effective recovery of cost at a minimum risk to the borrower because monthly repayments are linked to the graduate's income.

Besides the above loan repayment options, some countries, these days, are applying what is referred to as a graduate tax, which is similar to the above third type in many aspects. The idea behind this is the creation of human capital. In the case of the

graduate tax, the recovery payment takes the form of a percentage tax on the graduate's income in their working lives. The graduate tax rate could vary with income level - with low income graduates exempted from the tax (Shimelis, 2004:112-113).

The chief justification for the graduate tax or equity finance approach is that it can generate more revenue than mortgage-type loan programs do. Since payment of a graduate tax is linked to future earnings and not educational costs, tax payments in theory can be extracted long after a loan would have been paid off. Moreover, as graduate's age and their salaries increase, revenue from the graduate tax increases. Hence this paves a way to the criticism that graduate taxes are front-loaded.

A new idea concerning educational finance from the beneficiaries was introduced for the first time in Ethiopian institutes of higher education through the 1994 Education and Training Policy. As a result of this policy stance, Ethiopia introduced cost sharing in 2003/2004 in the form of graduate tax through the proclamation No. 351/2003. Under this system the direct beneficiaries, the students, are expected to share at least some of their educational expenses. Two major pronouncements in the proclamation conciliation concerning cost sharing state the following:

- I. Any student who has graduated from higher education of a public institution is required to share the cost of her/his education, training and other services on the bases of cost-sharing principle.
- II. Payment of cost shall be effected in the form of tax payable from the salary or other income obtained after graduation (Proclamation No. 351/2003,p.2250)

According to the above proclamation all students who join public institute of higher education are obliged to cover their education costs except for those who attended

education courses and become teachers who are expected to pay the cost through professional service year.

Another regulation which was proclaimed aiming at clarifying the above ideas has been endorsed by the Council of Ministers on July 1, 2008. According to this regulation, cost-sharing is a scheme by which all beneficiaries of public higher education institutions and the government share the cost incurred for the purpose of education and other services. It is through the graduate tax that this cost-sharing is recovered and graduate tax is a means by which an amount is deduced from the monthly income in the form of a tax to be paid by a beneficiary who has been obliged to share the cost of his/her higher education.

The regulation applies to students admitted to an institution beginning from 2003/2004 academic year and those who were already in the system by then. According to the regulation all beneficiaries of public higher education institution shall share full costs related to boarding and lodging and a minimum 15% of tuition related costs. The beneficiary shall start paying the amount within six months after graduation if he/she earns an income, or within a maximum of one year after graduation, in the form of graduate tax of at least ten percent of the monthly income of an employee. The completion of payment of amount owed by beneficiaries shall not exceed 15 years.

The power, responsibilities and duties of the Ministry of Education, Ethiopian Revenue and Customs Authorities, Institutes of Higher Education bodies who execute the proclamation, and obligations of employees and beneficiaries are clearly listed in the regulation.

Statements of the problem

Few studies have been done on the follow-up and implementation of cost sharing scheme by different responsible bodies. There were some evidences of objecting to accept the introduction of cost-sharing to higher learning institutes by the students from the beginning. According to some studies, the majority of the students in different colleges of AAU including College of Education refused to accept government's scheme of graduate tax. The reason the majority of Education students suggested was that they perceived the presence of opportunities for swift social mobility and economic advantages in the towns than in the rural areas. As a result students were reluctant to provide social services in their fields of study after graduation in remote area (Shimelis, 2004). A few studies have also indicated lack of awareness about cost-sharing and negative attitudes of preparatory and college students towards cost-sharing, Abdena (2005), Debashu (2005) and Kebede Deribew (2006).

Therefore, the objectives of this study are to collect graduates' opinion of cost-sharing, assess the implementation of cost-sharing scheme, identify the challenges and problems in the implementation of cost-sharing program, and suggest ways of solving the problems. To these ends, this research attempts to answer the following questions:

1. What do the recently graduated employees feel about the cost they shared to cover the expenses of their study in their former higher education institutes?
2. Have the recently graduated employees who completed their studies in the regular program started paying back the cost they shared for their stay in their higher education studies?
3. How do different stakeholders of higher education institutes (including the management of higher education, recently graduated employees, employers,

Ministry of Education, and Revenues and Customs Authorities) shoulder their responsibilities in relation to the regulation of higher education regarding cost-sharing?

4. What are some of the major problems that stand against and become bottleneck to the implementation of higher learning cost-sharing scheme?

Research Methodology

The method used in this study was case study and purposive sampling in terms of selecting the institutions of higher learning and Inland Revenue and Customs Authority. Snowball selection was used to include graduate respondents and employing organizations. In this case, as it could be very difficult to identify those respondent employees who graduate from government/public institutes of higher learning after the ratification of cost-sharing in proclamation in 2003/2004 academic calendar, a referral way of selecting sample was used.

Accordingly, Addis Ababa University and Adama University were selected to gather information relevant to the scheme of cost-sharing. Offices of the registrar, cost-sharing offices, human resource and personnel offices, and financial offices of the universities were the main sources of the data collected. Federal Ministry of Education, Finance and Economic Development, and Inland Revenues and Customs Authorities both as responsible authorities and employer organizations, were also included in the study.

At the grass-root level governmental and nongovernmental organizations which, according to the regulation of graduate tax, shoulder greater responsibilities in implementing the scheme in Arada Sub-City administration and Adama Woreda, were also included here. These organizations included municipalities (2), zonal (2), woreda

finance offices (2), human resource and personnel offices (10), regional Inland and customs authorities (South-east branch, Adama), banks (Commercial Bank of Ethiopia Adama and Arat Killo branches, Awash, Dashen and Oromia Co-operative banks in Adama), telecommunication (south-east region, Adama) and private institutes of higher learning (Rift Valley University College, Royal and Harambee Universities and Colleges) were also made part of the study.

A total of 55 employees (27 from Arada Sub-City Administration and 28 from Adama District) who signed an agreement with their former universities and colleges as a student to share the cost of their own higher learning were asked to fill the questionnaire. However, 4 employees, all of them from Arada sub-city, did not return the questionnaire. Hence, 51 open-ended questionnaires were used to collect data from the participants. Such questionnaires with different items were also distributed to Federal Inland Revenues and Customs Authorities (2), finance offices (6) and human resource and personnel offices (10). The response to the items of the questionnaires were categorized, interpreted and analyzed both quantitatively and qualitatively.

Moreover, unstructured interview questions more related to the items in the questionnaires were presented to the Federal Ministry of Education, Inland Revenues and Customs Authority, and Finance and Economic Development and cost-sharing offices in the universities were used to substantiate the responses in the questionnaires. Both the questionnaire and interview items were drawn and adapted from the powers, duties, obligations and responsibilities given to the higher education stakeholders as stated in the regulation of cost-sharing published in 2008.

Results of the Study

Issues related to the administration and management of the universities

The unit responsible for matters related to cost-sharing has been organized in both Addis Ababa and Adama Universities. The main activities of this office, according to the results of the interview, are providing up-to-date information on cost-sharing to the stakeholders and important offices related to revenue and finance at the federal level, facilitating payment for the students, giving orientation to the students on matters related to cost-sharing, and establishing and making an agreement with the students on the implementation of the scheme. Hence, it is through this office at the beginning of each academic year that the beneficiaries are made aware the cost-sharing amount expected of them. It also provides beneficiaries and other responsible bodies with the necessary information and documents relating to the amounts of cost sharing owed by each of the students upon leaving the institutions.

The problem related to the cost-sharing offices, particularly in AAU, is the absence of complete data related to the beneficiary who graduated before 2007, when the office was not well organized. The data pertinent to these graduates is not available; as a result it is unquestionable that this graduate will face problems in paying the recovery cost.

Except for Adama University, which have currently started asking graduate tax clearance from students who applied for post-graduate program, AAU has not started keeping original or temporary academic certificates and credentials, including the official certificate, of beneficiaries with itself and ensure that related documents are not given to the beneficiaries according to the regulation of cost-sharing.

Both universities are relatively following up the implementation of the scheme in relation to their students, except in the case of the office of the registrar. However, when it comes to the human resource (personnel) and finance offices that employ manpower for administrative structures, the universities face some problems including lack of adequate information on the total amount of money the currently employed workers (all teachers are exempted from cost-sharing) are expected to pay since some employees hide the amount expected of them. Adama University has not started taking any measure when encountered with such problems. However, Addis Ababa University searches for the information about the employee from the Revenue and Customs Authority and taxes 10% of the employees' salary in case such problems happen.

There has been some more serious problems regarding this matter in the finance office of Addis Ababa University. The finance office forces the employees to complete paying all their debt when they request for clearance in case they get an opportunity to leave the University for both abroad (for DV or further education) and domestic employing organizations. This is a good way of getting back payment for the cost recovery. However, it seems against both the regulation and the rights of citizen for the regulation says completion of payment of amount owed by beneficiaries shall not exceed fifteen years. Hence, once the employee starts paying cost recovery, s/he has the right to continue paying in other organizations where s/he will be employed, particularly if the organization is inland.

The above ideas indicate lack of uniformity in implementing the cost-sharing on the newly employed personnel at the national level. Moreover, according to the information gained from the Southeast Inland Revenue and Customs Authorities, for the reason not indicated, Adama University has stopped transferring the collected sum

of money to the Federal Inland Revenues and Customs Authority since July 2008. This lack of uniformity and awareness in implementing the program could be more magnified when one goes from the central to the grass root level. For example, except for the organizations that have branches in Addis Ababa most of the private organizations in Adama (PLCs and Share Companies) were not taxing the recovery cost of graduate tax from their employees' salary. Such problems have also been observed in significant number of both public and government organizations.

Implementation of the Cost-Sharing in different organizations

Lack of uniformity in implementing the cost-sharing recovery is further identified within the same organizations. For example, in one of the private institutes of higher learning, out of the total teachers and employees who filled the questionnaire, half of them were not paying the recovery cost of the cost-sharing, while the other half did. The reason for this, according to the finance and personnel office of the university college, was the fact that they did not force the employees to pay for the graduate tax. The administration of the university college said that if teachers are forced to pay the recovery cost through taxation they would leave the organization which may put it in shortage of professional teachers. Hence, whether or not for the teachers and administrative employees who previously agreed to pay for the cost they shared through the graduate tax depends on the will of the employees and the informal agreement made between the university college and the employees. Thus this lack of uniformity, disorganization and ill-responsibility in implementing the graduate tax requires strong, continuous and vigilant eyes that supervise, controls and then enforce the effectiveness of implementing the program, otherwise, the whole program remains futile and misses its goals.

More surprisingly, a few of the organizations that are collecting graduate tax from their employees were not submitting the amount to the Inland Revenue and Customs Authority. The problems get complicated when the graduates who had paid have got no evidence/receipt including certificate of completion of payment (one respondent has completed paying but did not get any evidence for completing paying the graduate tax).

Lack of specific policies, directives and/or implementation guidelines of cost-sharing for the employers and beneficiaries was another identified problem related to thereof. Moreover, the limited guidelines are frequently changing. This, in turn, has its own impact on the motivation and initiation of the employees and the students, interest in the future to pay in the form of tax. A good example is that some of the recently employed laboratory technicians, assistant lecturers and lecturers in Addis Ababa University have been exempted from the tax after starting paying and their loan through cost-sharing has been replaced by service rendered due to the guideline given from the Ministry of Education.

Lack of uniformity in documenting and recording the amount of cost sharing that the employees are going to be taxed from their salary is another problem observed from the personnel and finance office of the universities. In other words some university cost-sharing offices do not clearly indicate the total amount of money each student in different departments has utilized, particularly for the graduates who completed their studies between 2004 and 2006 from Addis Ababa University. Moreover, the graduates did not let or wanted the employer to know the amount expected of them to be deducted.

Respondent employees' status of cost-sharing

Respondents' Sex		Employing Organization		Respondents' Address		Employees' Status of cost-Sharing			
Male	Female	Gov'tal	Nongov'tal	Arada Sub-City	Adama	Hasn't yet started paying	Started Paying	Stopped paying	Completed Paying
45(88.24)	6(11.76)	32(62.57)	19(37.25)	23(45.10)	28(54.90)	39(76.50)	7(13.70)	5(9.8)	1(2.00)
51(100%)		51(100%)		51(100%)		51(100%)			

As indicated in the above table, the majority of the respondents were male (88.24%) and working in government/public organizations (62.75%). Of all the respondents, a significant number of them (76.50%) have not started paying the recovery cost, whereas only one of them has completed paying his/her debt. Compared to the total respondents, a few of them (9.80%) have stopped paying the cost because of the changes in the guidelines and directives of the implementation strategies of cost-sharing or working place where the employing organizations are not restricted in collecting the graduate tax. Reasons for not paying the graduate tax were discussed thoroughly in the subsequent pages.

Reasons for not paying the graduate tax

The participant employees in public, government and private organizations whose salary was not taxed for cost-sharing recovery were asked to justify the rationales for not being governed by the regulation of the cost-sharing. Accordingly, most respondents' justification has been classified according to the following categories.

Lack of awareness

A significant number of respondents have replied that they were not well informed about the graduate taxation process. They were told to pay the cost they shared for their higher learning expenses but not well informed on where, when and how to pay the recovery cost when they left their universities and colleges upon graduation. In fact, a few respondents suggested that they were not well oriented on the basic ideas of cost-sharing from the beginning, both when they filled the cost-sharing form at their former universities and when they got employed. This problem coincides with the problem stated by the Inland Revenue and Customs' Authorities itself. The authorities have taken little measures to promote and advocate the scheme to different stakeholders through a wider coverage of media materials including Revenue program on the Ethiopian Television. The authorities seem to lag behind in working toward this end. Writing letters, making telephone calls to large work force employing institutions to remind them collecting the tax (according to the authority) are inadequate strategies.

Being negligent

Lack of initiative and commitment to the agreement made between the graduate and the cost sharing offices was another important justification that the respondent employees replied. A significant number of the graduates did not give enough attention to the promise they made. In some cases the respondents had no reasonable justification for not paying, they simply said that they were not paying because they have forgotten paying back their debt.

Fluctuations and changes in the regulations and policies

Some respondents have expressed their justifications for stopping paying the graduate tax because of inconsistencies in the implementation strategies of the cost-sharing. Three of the five respondents who stopped paying have justified that a few of their

colleagues were exempted from the tax after they were taxed twice. Hence, such respondents have the wrong assumption that some days in the future all graduates with cost-sharing will be exempted from the recovery cost. These respondents could have these ideas because of the frequent changes in the cost-sharing directives by the

Ministry of Education

Lack of follow-up and supervision

One of the justifications the respondents given for not paying the graduate tax was lack of a responsible body that manages, controls, and supervises the implementation of the graduate tax at the grass-root or organizational level. The finance office of the employing organizations, the Inland Revenues and Customs Authority, the Ministry of Education and other organs have not created an independent and responsible body whose responsibilities is managing and supervising the implementation of the graduate tax. In fact some respondents have commented that they were not paying the graduate tax because their colleagues who were paying have got no receipt or any legal letter that confirmed the amount they paid so far. Some were not paying because there was not any organ that was asking and forcing them to pay.

Lack of confidence and belief in the scheme

A few respondents also have stated the reason for not commencing paying back their debt - they did not believe their employers would submit the taxed amount for cost-sharing to the finance or revenue offices. This has been proved thorough the information gained from the list of organizations that have collected the graduate tax. A few organizations that has collected this tax from their employees did not forward the money to the Inland Revenue. Further investigation is needed where such organizations take the collected tax.

Still others blame the government for introducing the regulation of financing the institutes of higher learning through cost-sharing at this stage of socio-economic development of the country. They have also justified that after graduation it usually takes more than a year to be employed and, in fact, some of the colleagues of these graduates are displaced and/or laid off from their regular job because of the newly introduced BPR. Moreover, the participant employees mentioned the increasing price of consumer goods made them incapable of helping their own parents and families let alone paying their debts.

Graduate Respondents' Opinion in Supporting or Opposing Cost-Sharing Scheme

Graduate Respondents Were Asked To Air Their Position Regarding Cost Sharing Scheme. Accordingly, a significant number of the graduate respondents (72%) were against the scheme. The remaining 10% and 14% were neutral and advocating positions, respectively. Even the majority of those respondents who remained neutral or to some extent support the program, set some pre-conditions to support it including reduction in the tuition fee's percentage of the taxation and direct refunding this cost to the account number of institutes of higher education for the expansion and maintaining of the quality of learning.

Conclusions and Recommendations

Conclusion

The educational goals of higher education includes providing advanced education and professional training, research and other forms of academic scholarship, and service to the wider society. This information age ushered in what has come to be known as the knowledge society, in which economic competitiveness as well as the civic and social

health of societies depends to greater degree on universities and their ability both to generate new knowledge and to disseminate this knowledge to larger portion of the population. In achieving these goals institutes of higher education are currently challenged by many stumbling blocks of which the rising costs of higher education is one.

Most recently graduated respondents, according to this study, seemed not to have understood the tensions that the government is in: the great demand and increasing enrollment rate of students in such institutions and the massive amount of money the government spends to keep the expansion and quality of education. Moreover, they seemed to turn their ears to the advantages that cost-sharing has in maintaining quality, efficiency, equity and relevance of education in the higher levels.

Many more misinterpreted and misunderstood issues have made the implementation of cost-sharing get rather complicated. Issues like employees' attitude and awareness, commitment and honesty by all stakeholders, frequent changes in the policies - directives and guidelines of the scheme, shortage of manpower in the Federal Inland Revenues and Customs Authorities, lack of efficient and coordinated activities among different parties, and lack of clear cut and independent organ that supervises and monitors the proper and effective implementation made the strategy of graduate tax problematic.

Lack of complete data related to the beneficiaries, particularly those who graduated from AAU before 2007 has also made the collection of graduate tax difficult.

The universities have not started implementing a few of the regulations of cost-sharing including keeping the graduates' documents (original degree, student copy and official

transcript) until they have fulfilled their service obligations, or until they have paid the total amount or present the necessary guarantee for the payment.

There were lacks of uniformity in implementing the cost-sharing scheme among the employing organizations in relation to hiring, taxing and collecting from the graduate's salary for cost-sharing scheme.

The Federal Inland Revenues and Customs Authorities is not in a strong position to collect graduate tax from all employees who attended their higher studies with cost-sharing scheme and scattered all over the country. Even the process of delegating the power to collect cost-sharing payment to regional and municipality finance offices has not started.

The implementation of cost-sharing scheme in the institutes of higher education has many implications including the demand for good academic governance: governance includes the capacity to formulate and implement sound policies, and the respect for citizens.

University autonomy (self-government), academic freedom and students' democratic rights is also another implication. This implies that universities are free to administer their financial resources in such a way that the amount the graduates' payback in the form of graduate tax has to serve in the financing of higher institutes. Respecting students' choice and freedom to join the field of study and department they wish is still another implication (see higher Education Proclamation Article 7, 2003).

Value for money, accountability and transparency in university service delivery is another implication. The schemes of cost-sharing requires the management practices

of the universities to economically use resources devoted to each activity at the lowest cost and maximum useful output.

Recommendations

The government needs to reassess the rate of graduate tax and the additional taxes including sure tax, vat tax or the choice to spend the available taxpayers' revenues on public goods and services otherwise.

Using total policy mix in financing higher education could be the better solution in resolving problems associated to cost-sharing. In other words, alternative approaches including cost-sharing itself, government revenues, tuition fees, other fees, grants/bursaries and student loan should be explored. These approaches should not only benefit the institutions with additional revenue, but should also address and compensate for any potentially negative effects of cost-sharing on: (a) higher educational aspirations and preparation; (b) higher educational participation itself; (c) choice of institution or programme; and (d) other significant life choices, such as further training, career, marriage and the like. These alternatives can also solve the problems of inequality in access to higher education for cost-sharing usually benefits students who have got the opportunity to join government universities or colleges through passing entrance exam or good academic achievements since they are mainly relatively from educated families and urban areas (upper and middle upper socio-economic backgrounds). Such students from marginalized and remote and rural areas who could not join public/government universities can attend extension classes in these universalities or regular classes in the flourishing and booming private institutes of higher education.

Cost-sharing in higher education institutes will be more compelling and generally more politically accepted to the degree to which the following propositions are true: (a) enrolment rates are low relative to similarly situated countries which signal the likelihood of continuing pressures for additional enrolments, capacity and revenue; (b) government revenue is limited by slow economic growth and/or by a culture of tax evasion and other limitations on tax collections; (c) additional tax revenue is likely to be raised through revenue raising devices such as excise, utility, business and sales tax; (d) tuition increases can be accompanied by increased grant loans and other measures to maintain or increase participation; and (e) where there is inequitable and disproportionate higher education participation among different groups of students.

Unless mechanisms of convincing the public at large on the scheme of cost-sharing as a whole are designed soon and implemented, the delay in collecting the recovery cost will inevitably lead to public unrest, chaos and demonstrations which will hurt the country's political stability, peace and development in the long run. Moreover, if such situations continue, it may demand more money for administrative purpose to collect the graduate tax which could amount to more than the money spent on cost-sharing.

More advocacy and promotion activities have to be done on the side of the government, particularly by the Ministry of Education, Inland Revenues and Customs Authorities and the universities themselves to create awareness about the implementation of cost-sharing and its rationale to all public particularly to the graduates and students through different media. This helps in avoiding confusions, lack of uniformities and misunderstandings held by the graduates, tax collectors and other stakeholders of the higher education.

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