**Question 1: Educating Singaporeans**

**Table 1: Total Expenditure on Education in Singapore**

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| **Year** | **Total Expenditure On Education (S$ Thousand)** |
| 2008 | 8,229,694 |
| 2009 | 8,685,056 |
| 2010 | 9,875,445 |
| 2011 | 10,740,250 |
| 2012 | 10,496,911 |
| 2013 | 11,638,313 |
| 2014 | 11,598,458 |
| 2015 | 11,934,956 |
| 2016 | 12,468,854 |
| 2017 | 12,690,630 |
| 2018 | 13,090,000 |

*Source: Data.gov.sg*

**Extract 1: Administration and Finance of Education in Singapore**

Public education in Singapore is almost entirely financed by the government from the general revenues. The importance of education in government and public expenditure is illustrated by the annual allocations to education which are nearly 25 percent (23.7 percent in 1996) of the entire budget. Primary education is free. There is a nominal fee for secondary and junior college level education of less than US$5.00 per month. The preschool education is subsidized by the state to the extent of about 50 percent of the cost.

As for higher education, there are a number of scholarships and "bursaries" provided by the Ministry of Education to those who cannot afford the cost. A major initiative in educational finance involving planning and cooperation by parents has been the EduSave Account introduced in 1993. Under the scheme, the Ministry of Education deposited a certain amount of subsidy, approved by the parliament from year to year in the child's Edu-Save Account, which could be used by the child's parents to pay for enrichment and remedial classes or saved for the child's higher education.

*Source: Education Encyclopaedia, 2018*

**Extract 2: Private Tuition an industry worth over $1b a year**

Education experts said it is difficult to establish how much of a role tuition has in academic success or if it has contributed to Singapore's stellar showing in Pisa, a global benchmarking test which 15-year-olds here topped last year. But what is beyond dispute is the growth of the shadow education industry. Tuition is worth more than a billion dollars annually here, almost double the $650 million spent on it in 2004.

Some parents spend several hundreds or thousands of dollars on tuition each month, despite knowing that having tuition may not raise their children's grades significantly. This stems from a strong commitment to education in Singaporean families - doing well at national examinations is a priority for many parents and students. The number of tuition centres in Singapore has steadily grown, from a list of 700 MOE-registered tuition agencies in 2012, to 800 in 2013 and more than 1000 in 2015.

However, the growth of services provided by these agencies is severely limited by the number of qualified tutors available. Experts said tuition will exist as long as there are high-stakes national examinations. Dr Seah said tuition should not be lightly dismissed. "For students whose families can afford better-quality tuition and enrichment, it could be a big part of why they continue to do well."

*Source: The Straits Times, 25 December 2016 (Adapted)*

 **Extract 3: Cause of the increase in education costs**

Consumer Price Index has remained relatively stable since 2013 compared to the cost of college tuition. University tuition has been increasing faster than CPI growth.

Increase in tuition costs in universities and tertiary institutions could be a result of various factors such as demand and supply. The number of students has overly overgrown relative to the available slots in institutions. The institution may be facing lower admission rates, and that might be the reason for hiking costs. For instance, between 2007 and 2014, admission rates to publicly-funded degree courses increased by over 5%. Equally, other post-secondary institutions also experienced an increase.

In Singapore, government subsidies play a vital role in making education affordable to its citizens. There is a possibility that the cost of education is growing because the available subsidies are not able to keep up with growing education demand. Education expenditure grew between 2007 and 2014 by 47% to S$11,719. Recurrent expenditure for colleges and universities has grown even faster by 77%. It shows that the government is trying to spend more to keep up with the rising cost of education.

Labour cost could also be one of the causes of rising cost in education. Institutions also face increasing cost as a result of wages since the median household income in Singapore has been growing. Besides labor costs, institutions also spend on utilities, infrastructure, and research equipment. The cost of running education institutions has been growing, which means student have to pay more to finance projects and program. Other factors, like pure price increased, may be contributing to an increase in education.

*Source: Zuu Online, 9 September 2019*

**Extract 4: Advantages and Disadvantages of Studying Overseas for Singaporeans**

There are many options these days when it comes to receiving a tertiary education. One of the more common decisions to consider is whether to pursue your university education locally or overseas. One of the biggest reasons Singaporeans choose to study overseas is to gain a competitive edge over their peers. In fact, 6 out of 10 employers around the world give extra credit for an international student experience, and more than 80% said they actively sought graduates who had studied abroad. Another reason is that some local courses are available only in public universities (such as Medicine in NUS or Criminology in SIT). Some are not even available in Singapore (nuclear engineering anyone?). Even amongst public universities, many specialised courses are exclusive to just one university (like Dentistry in NUS).

Studying overseas often means adapting to a new culture, living alone and managing your own budget. These are invaluable skills that will benefit you in every aspect of your life. It also nurtures empathy, open-mindedness and independence. Some might even say it is this that makes an overseas degree the most rewarding.

Studying overseas also introduces you to students from many other cultures and nationalities. This helps you develop skills such as communication and teamwork, which translate well to your career in the future. However, all this independence and new culture could also result in a big con — homesickness. Without the support network of your friends and family, life can get tough. Depending on the country, the culture shock could also be a learning curve to overcome. One such example is addressing your lecturers by their first name, common in Australia or UK! But with an open mind and willingness to learn and experience new things, dealing with culture shock can be easier.

One of the biggest factors when it comes to considering an overseas education is the expenses involved. Depending on the country you choose to study in, expenses and course fees can vary greatly. The most popular countries to study abroad in — Australia, UK and the United States — can have much higher living expenses than if you were to study in Singapore. In the UK, a combined course fee and living expenses can cost S$60,000 per year. Most of these expenses are living expenses, which may not be covered if you are pursuing your degree with a scholarship. These high expenses also mean that any unexpected expenditures or emergencies can put a lot of stress on both your finances and your studies. It helps to budget extra for emergencies, or to purchase an insurance policy that covers these unexpected situations.

 *Source: MSIG, 2018*

**Extract 5: Benefits of Education**

Formal schooling increases earnings and provides other individual benefits. However, societal benefits of education may exceed individual benefits. Research finds that higher average education levels in an area are correlated with higher earnings, even for local residents with minimal education. Science, technology, engineering, and mathematics graduates appear to generate especially strong external effects, due to their role in stimulating innovation and economic growth.

 *Source: Iowa State University, 2018*

**Questions**

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| (a) | Explain whether free primary school education possesses the two characteristics of a public good. | [4] |
|  |  |  |  |
| (b) | (i) | Extract 2 stated that “tuition is worth more than a billion dollars annually here, almost double the $650 million spent on it in 2004.” Account for the growth of the billion dollar Private Tuition industry. | [5] |
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|  | (ii) | Explain the likely opportunity cost of parents spending several hundreds or thousands of dollars on tuition each month. | [2] |
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|  | (iii) | Explain the likely value of price elasticity of supply for tuition services. | [3] |
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| (c) | In Extract 3, the author claims that “available subsidies are not able to keep up with education demand”. Explain how this affects the affordability of education to students. | [5] |
|  |  |  |  |
| (d) | Discuss the factors one should consider in deciding whether to pursue an overseas education. | [8] |
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| (e) | (i) | With the aid of diagrams, explain why there is an inefficient allocation of resources in the market for secondary and junior college education.  | [6] |
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|  | (ii) | Using evidence from the case study and/or your own knowledge, discuss whether free provision is the best approach in addressing the inefficiencies in the market for secondary and junior college education. | [12] |
| **[Total: 45 marks]** |