



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF EDUCATION
UNIVERSITY EXAMINATION FOR THE DEGREE OF MASTER OF EDUCATION IN
PLANNING AND ECONOMICS OF EDUCATION
1ST YEAR 1ST SEMESTER 2015/2016 ACADEMIC YEAR
KISII CAMPUS-SCHOOL- BASED

COURSE CODE: EMA 853

COURSE TITLE: COST- BENEFIT ANALYSIS IN EDUCATION

EXAM VENUE: LR

STREAM :(MEd. Planning & Econ.)

DATE: 29/04/2016

EXAM SESSION: 11.30 – 2.30 PM

TIME: 3 HOURS

Instructions:

- 1. Answer any THREE Questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

QUESTION ONE

The Rate of Return Analysis is one of the best methods employed by economists of education to determine the benefits accruing to investment.

- a) Discuss, citing appropriate examples the usefulness of this method of analyzing educational benefits (10 Marks)
- b) Explain the main limitations of the method. (10 Marks)

QUESTION TWO

- a) Outline in details the items which are usually considered when computing costs and benefits in education (10 Marks)
- b) Explain the uses of Cost Benefit Analysis in education. (10 Marks)

QUESTION THREE

- a) Discuss the objections to cost- benefit analysis of investment in education . (10 Marks)
- b) Explain how education can act as a filter or screening device for the labour market. (10 Marks)

QUESTION FOUR

Assume an investment expenditure of 500,000. A stream of benefit each year was 80,000, lasting for 20 years. Discount rate is 10%. Find

- a) PDV of the project (showing annual cash flow) (10 Marks)
- b) Benefit Cost Ratio (4 Marks)
- c) Constant annuity costs (4 Marks)
- d) Interpret your results (2 Marks)

QUESTION FIVE

Explain the “Spillover” benefits of education in the light of cost-benefit analysis in education.
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(20 Marks)