CHALLENGES OF EDUCATION SERVICES DURING THE COMPILATION OF THE UGANDA NATIONAL CONSUMER PRICE INDEX (NCPI)

Poster Presentation made at the Group Experts Meeting on Consumer Price Indices in Geneva, Switzerland 7-9 May 2018

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CHALLENGES OF EDUCATION SERVICES IN THE UGANDA CPI - INTRODUCTION

- The share of services in the Uganda National Consumer Price Index (NCPI) accounts for more than a third (34.2%).

- Uganda CPI has the following services: House rent; Health; Transport; Insurance; Communication; Security; Entertainment; Photographic; Package-holiday; Catering; Accommodation; Photocopying; and education services.
Thus, treatment of service sector during the compilations of the NCPI has a significant effect on the quality of the overall index.

Each type of service has specific challenges.

This presentation is focused only on the education services within the Uganda CPI whose weight is 5.5%
CHALLENGES OF EDUCATION SERVICES IN THE UGANDA CPI

a) Payment structure depends on the education institutions
b) Changes in education institutions payment structures during every academic term
c) Frequency of payments for some of the cost lines is different
d) Some charges are introduced during the course of an academic term
e) Some education institutions charge payments as a lump sum
f) Front load payment during the first term
g) Duration of each term are different in any academic year
h) Some education institutions delay to provide data on time

i) Some respondents refuse to give data completely

j) Failing to trace deposited questionnaires on the day of collecting the filled questionnaires

k) Timing of incorporation of education data into the NCPI

l) Variation in duration of the Academic Terms

m) Actual Education costs hidden in other categories
a) Payment structure depends on the education institutions

- Each education institution has a different payment (cost-line) structure.
- It is extremely difficult to allocate the expenditure to the exact true COICOP class.
- Thus, a lot of time is required during the analysis of data in order to classify correctly each category of expenditure to a relevant COICOP class and thus leading to subjectivity.
b) Changes in education institutions payment structures during every academic term

Individual education institutions keep on changing their termly payment structures even within the same academic year.

The problem with different termly payment structures is that some of the cost lines which appear in one term are dropped in the following term while new ones introduced.

These termly changes in cost lines make the principal of comparing like with like extremely difficult to be followed under such circumstance.
c) Frequency of payments for some of the cost lines is different

- The academic year has three academic terms and education institutions dues are paid at beginning of every academic term.

- However, some cost lines are paid once one joins a particular academic level e.g. primary level, others are paid once in an academic year while the rest are paid on a termly basis.
Some charges introduced during the course of academic term

- A number of education institutions, often introduce new charges within the course of the term after the education requirements have been paid by the parents.

- These expenses are not captured by UBOS since no mechanism has been developed to monitor such costs. These costs are introduced after the data collection in education institutions is completed. This leads to under reporting.
e) Some education institutions charge payments as a lump sum

- Some education institutions don’t give the breakdown of the cost lines thereby providing the fees charges as a block figure. This makes the computation of the education services sub-indices as one of the most difficult component. This is because the block figure has to be decomposed into detailed breakdown so as to classify each element according to its respective COICOP class.
f) Upfront load payment during the first academic term

- Some education institutions when making projections for the year, they get estimate for the payments for the entire academic year and the payments are made is such a way that during the first academic term, the amount of money paid by parents is much higher than those paid in subsequent academic terms.
g) Duration of each term is different in any academic year

- An academic year has three academic terms. However, the duration for each academic term of the same academic year is different. In addition, the duration for the same academic term e.g. first academic term is not the same for the different academic years. This is a challenge since costs are not referred to the same period.
h) Some education institutions delay to provide data on time

- Some education institutions delay to provide education data on time.
- UBOS normally uses the available education figures such that the computation and dissemination of the index is on time.
- When all the education data is obtained, the data for the previous month is incorporated into the index and thereafter the disseminated CPI is revised.
i) Some education institutions refuse to give out data completely

- Some of the respondents completely refuse to give us the required data.
- However, after several visitations and reminders, such institutions are treated as a closed outlets. This leads the education data series to be discontinued and also to incur costs of opening of new outlets. It is a serious challenge
j) Failing to trace deposited questionnaires from the education institutions

- The procedure for the collection of data on education is that questionnaires are deposited at the education institutions and collected on an agreed date after being filled.
- However, there are many occasions when Data Collectors go to pick the questionnaire and the respondent replies that the questionnaire cannot be traced.
- This challenge is counteracted by instructing all the data collectors to go with another set of questionnaires for education charges such that when such a scenario happens, other questionnaires are placed again at these institutions.
K) Timing of incorporation of education data into the CPI

- Data collection for any particular month is carried out from 1\textsuperscript{st} and 15\textsuperscript{th} of every month. Official days for opening and closing of any academic term set by the government. However, most private education institutions open and close on non-official days. This becomes a challenge in that if an education institution opens before 15\textsuperscript{th} of the month the data is supposed to be incorporated into the NCPI of that month, and if an education institution opens after the 15\textsuperscript{th} of a given month, the data is supposed to be incorporated into the NCPI of the following month. UBOS takes the official opening day as the day when the education institutions have opened though in practice, it is a different situation.
CHALLENGES OF EDUCATION SERVICES IN THE UGANDA CPI Cont....

- **1) Variation in duration of the Academic Terms**

- For the entire period of the academic term and until when the new academic term opens, the cost of education during the computation of the monthly CPI are kept constant i.e. the carry forward technique is applied. The challenge here is that the duration of each academic term is different and also the education institutions holidays between terms are different. Thus, the duration between which the education data is introduced during the computation of the CPI for the 3 academic terms are not evenly distributed within any academic year. For instance, education service cost lines for the 3rd academic term are kept constant during the computation of the CPI for about five months.
m) Actual Education costs hidden in other categories

The cost lines given for education services are not the actual amount for each cost item. Since, each cost item is categorised into a different COICOP class or division, it becomes a challenge since some costs are kept constant for many years more especially those that are categorised under education services. For instance, one of the cost lines is tuition fees. Education institutions charge tuition fees as recommended by the government and hide most of the costs for education services in other cost lines. Hence, underestimation during the computation of education weights and also during the computation of national CPI.
n) Selection of outlets for Education Services

Since it is practically impossible to cover all education institutions within the country, a sample of them is selected. There are two methods that are both acceptable to select a sample of education outlets from which regular data are collected. The methods are Probabilistic Sampling Techniques and Non-Probabilistic Sampling Techniques. The former method is preferred given its advantages. However, due to lack of comprehensive and updated sampling frame, UBOS follows the Non-Probabilistic Sampling Techniques while selecting outlets from which education charges are collected.
CONCLUSION AND THE WAY FORWARD

- Computation of weights, establishment of elementary aggregates, identification of items, collection and processing of consumer prices together with the computation of the elementary aggregate indices for the education services has many challenges as elaborated above. Some of the challenges listed above are likely to be similar to some other countries in sub-Saharan Africa.

- UBOS has been making progress towards improving both the quality and coverage of education and other services provided to households as final consumption. As a way forward, UBOS will, during the next rebasing of the CPI, make more improvements on above the mentioned challenges.
Weights for services in the CPI keep on increasing as time goes on. However, following the principle of comparing like-with-like during the computation of the CPI, it is very challenging for the service sector. This is more a challenge on the African continent.

Thus, there is urgent need to undertake research more especially on the African content to carry out a deeper analysis of every service that is offered to household as a final consumption and come up with a harmonised way of computing the individual service sub-indices. The outcome of the research will greatly improve the compiled CPI and will become more comparable across countries and regions.
END OF THE PRESENTATION