



# The Costs and Benefits of Undertaking Adult Education Courses from the Perspective of the Individual

Research commissioned by  
AONTAS - The National Adult Learning Organisation  
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AONTAS  
ADULT LEARNERS  
FESTIVAL

## Aim

The aim of this study is to examine the costs and benefits of undertaking adult education courses from the perspective of the individual, using three different case studies. This will give a snapshot of the benefits and the types of costs incurred by three adult learners.

The research will be used to inform AONTAS Adult Learners' Festival campaign, on the theme of 'Investment'. The three case studies will be used to promote investment in adult learning in the media during the Festival. The research will also inform the closing event of the AONTAS Adult Learners' Festival.

## Limitations

This study does not intend to be representative as only three people were studied and so inferences on costs and benefits cannot be made to the general population of adult learners. Costs and benefits are likely to vary greatly depending on individuals' background, the type of course undertaken as well as many other factors. The three individuals were selected by Aontas in order to give an idea of the varying backgrounds and outcomes of adult learners.

As this study is taking the perspective of the individuals in this study it necessarily omits a number of positive externalities to society, including the intergenerational effect of better-educated parents on children, including health and socioeconomic benefits.

In addition, as we do not know the counterfactual we do not know what the individuals outcomes would have been had they not returned to education. We are comparing benefits to situation prior to returning to education.

## Methodology

The three individuals were contacted by Aontas and were asked if they would be willing to participate in the research. They were then asked about the various costs they incurred as a result of returning to education and the resulting benefits. Costs were adjusted for inflation to 2008 values<sup>1</sup>. The net present value (NPV) of benefits such as increased income was calculated using the formula in (1) below.

$$NPV=R_t/(1+i)^t \quad (1)$$

Where:

- $R_t$  is the outcome, e.g. increase in income
- $t$  is the amount of years over which the stream of benefits is expected to last.
- $i$  is the discount rate

The individuals were asked how long they intend to work for assuming no changes in circumstances ( $t$ ). A discount rate ( $i$ ) of 4% was used which is the rate used by the Department of Finance.<sup>2</sup> Rates of 3% and 5% were also used to see how sensitive the results were to these rates.

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<sup>1</sup> Figures adjusted using data from the Central Statistics Office Website <http://www.cso.ie>

<sup>2</sup> <http://www.finance.gov.ie/Viewtxt.asp?DocID=5387&CatID=56&m=&StartDate=01+January+2008>

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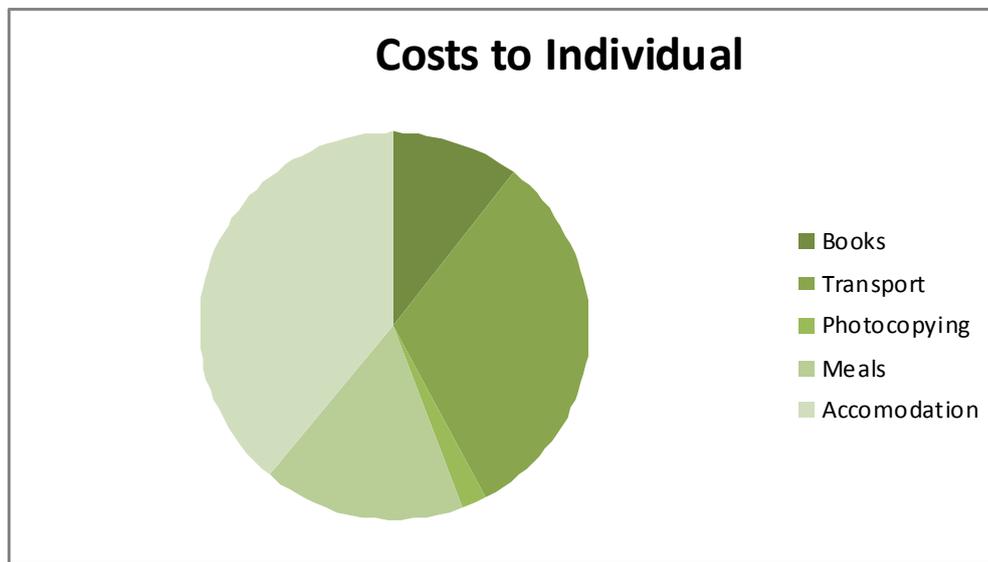
## Case 1: Seamus

Seamus was in employment prior to returning to education and has completed a Diploma in Business Studies and has almost completed a Degree in Business Studies. His employer Lapelle Ltd and ICTU supported him in returning to education through fee payments and financial support<sup>3</sup>.

**Table 1. Costs of Adult Education**

Costs	Euro	%
Books	1177.41	10.45
Transport	3579.34	31.75
Photocopying	235.48	2.09
Meals	1883.86127	16.71
Accommodation	4395.68	39.00
Total	11271.77	100.00

**Figure 1. Costs of Adult Education**



<sup>3</sup> Lapelle Ltd and ICTU paid a total of €16,000 which are not included here.

**Table 2. Costs of Adult Education**

Costs of course	Costs	Year	Base year assumed <sup>4</sup>	Converted to 2008 (Adjusted for inflation) <sup>5</sup>
	<i>Euro</i>			<i>Euro</i>
Books	1500.00	1998-2004	2001	1177.41
Childcare	0.00	1998-2004	2001	0
Fees	0.00	1998-2004	2001	0.00
Transport <sup>6</sup>	1824.00	1998-2004	2001	1431.73
Transport <sup>7</sup>	2736.00	1998-2005	2001	2147.602
Photocopying, stationary etc.	300.00	1998-2008	2001	235.48
Meals <sup>8</sup>	2400.00	1998-2004	2001	1883.861
Accommodation	5600	1998-2004	2001	4395.68
Subtotal				11271.77
Less Supports	16000.00	1998-2004	2001	12559.08
<b>Total costs</b>				<b>-1287.31</b>

### Benefits

The main benefit was a €7,000 increase in income. All other things equal Seamus intends to work for another 9 years. Using a discount rate of 4% the net present value of this increase in come is about €59,047.

<sup>4</sup> Median year taken as base year for simplicity

<sup>5</sup> Figures adjusted using data from the Central Statistics Office Website <http://www.cso.ie>

<sup>6</sup> 120miles @60 cent =72.00 euro per trip (twice per month) = 114.00 in total per month. 114.00 x 16 months duration of Diploma=1,824.00 = Total

<sup>7</sup> 120miles@60 cent= 72.00 euro per trip (twice per month) = 114.00 in total x 24 months duration of Diploma =2,736.00 = Total

<sup>8</sup> Meal costs over and above what would normally be consumed.

### Net Benefit

The net benefit of courses undertaken here to the individual was €60,334.

### Sensitivity Analysis

Using alternative values for the discount rate: 3% and 5%, the total benefit ranged from €56,755 - €61,503. This would then give a net benefit ranging from €58,042- €62,790.

## Case 2: Vivienne

Vivienne returned to education in 1999 and completed a Certificate and a Diploma in Women's Studies and a Masters Degree. Prior to returning to education Vivienne was unemployed and has since got a job and been promoted a total of three times.

**Table 3. Costs of Adult Education**

Costs	Euro	%
Books	652.60	7.60
Childcare	1118.75	13.03
Fees <sup>9</sup>	5407.27	62.98
Transport	475.47	5.54
Photocopying	652.60	7.60
Meals	279.69	3.26
<i>Total</i>	<i>8586.37</i>	<i>100.00</i>

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<sup>9</sup> These figures apply to the Masters course, the fees for the other two courses were subsidised.

Figure 2. Costs of Adult Education

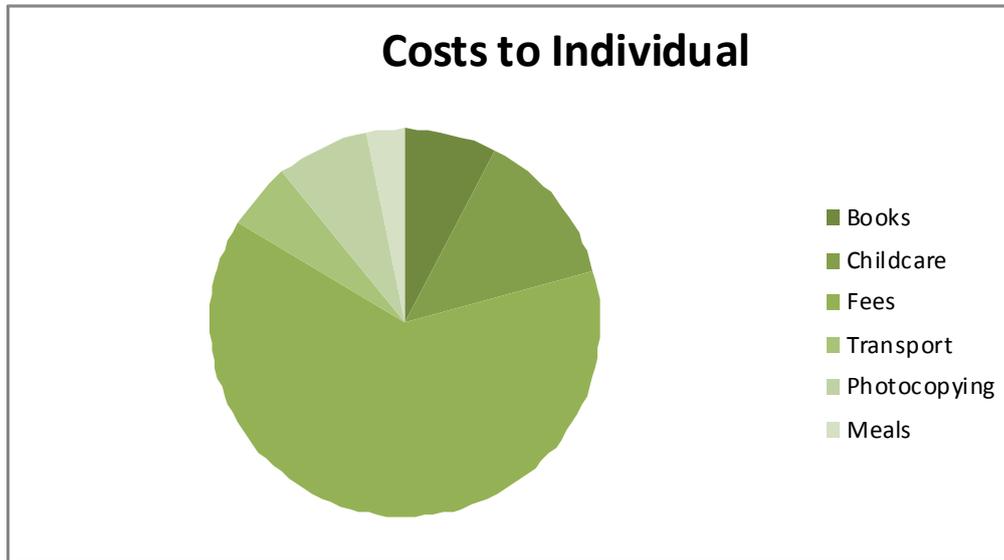


Table 4. Costs of Adult Education

Costs of course	Costs	Year	Base year assumed	Converted to 2008 (adjusted for inflation) <sup>10</sup>
	<i>Euro</i>			<i>Euro</i>
Books	700.00	2006-2008	2006	652.60
Childcare	1200.00	2006-2008	2006	1118.75
Fees	5800.00	2006-2008	2006	5407.27
Transport	510.00	2006-2008	2006	475.47
Photocopying	700.00	2006-2008	2006	652.60
Meals	300.00	2006-2008	2006	279.69
<b>Subtotal</b>				<b>8586.37</b>
Less Supports	350.00	2006-2008	2006	326.30
<b>Total costs</b>				<b>8260.07</b>

<sup>10</sup> Figures adjusted using data from the Central Statistics Office Website <http://www.cso.ie>

### Benefits

The main benefit was a €35,822 increase in income<sup>11</sup>. All other things equal Vivienne intends to work for another 27 years. Using a discount rate of 4% the net present value of this increase in come is about €658,342.

### Net Benefit

The net benefit of courses undertaken here to the individual was €650,172.

### Sensitivity Analysis

Using alternative values for the discount rate: 3% and 5%, the total benefit ranged from €729,985 - €598,015. This would then give a net benefit ranging from €721,725- €589,756.

## Case 3: Samantha

Samantha completed a course run by the Childminders Association of Ireland, a Pre-Development Course to Mothers Making a Difference, and a Mothers Making a Difference-Fetac Level 4 course. Samantha was employed before returning to education and received a increase in income after completing education.

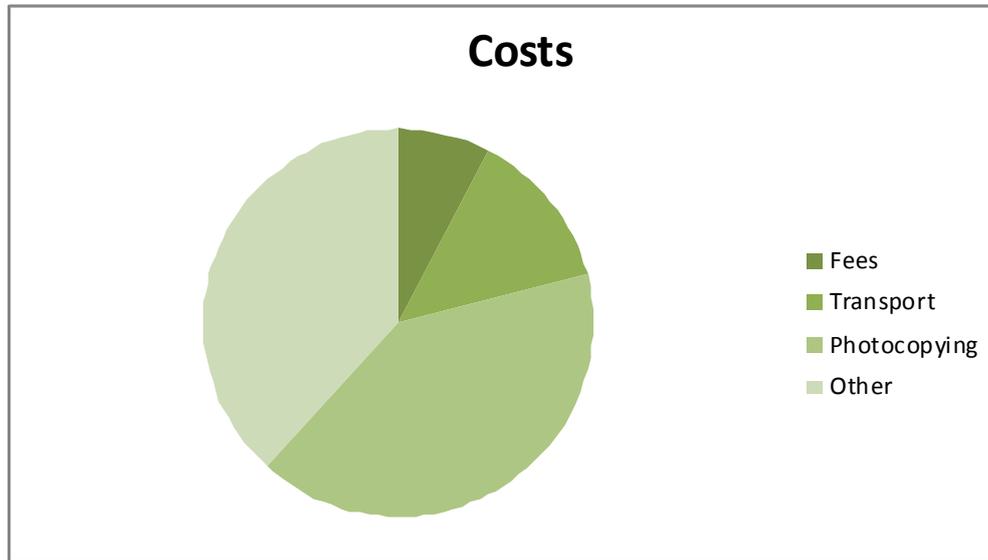
**Table 5. Costs of Adult Education**

Costs	Euro	%
Fees	156.99	8
Transport	271.28	13
Photocopying	836.91	41
Other	780.40	38
<i>Total</i>	<i>2045.58</i>	<i>100</i>

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<sup>11</sup> Prior to returning to education Vivienne was unemployed and since returning to education she got a job and has been promoted three times. Lost benefits were taken into account.

**Figure 3. Costs of Adult Education**



**Table 6. Costs of Adult Education**

Costs of course	Costs	Year	Base year assumed	Converted to 2008 (adjusted for inflation)	
	<i>Euro</i>			<i>Euro</i>	<i>Euro</i>
Fees	200.00	2001	2001	156.99	156.99
Transport	345.60	2001	2001	271.28	
Transport	175.00	2005-2007	2006	163.15	
Transport	175.00	2007-2008	2008	175.00	609.43
Photocopying	180.00	2001	2001	141.29	
Photocopying	360.00	2005-2007	2006	335.62	
Photocopying	360.00	2007-2008	2008	360.00	836.91
Meals	108.00	2001	2001	84.77	
Meals	360.00	2005-	2006	335.62	

Costs of course	Costs	Year	Base year assumed	Converted to 2008 (adjusted for inflation)	
		2007			
Meals	360.00	2007-2008	2008	360.00	780.40
Subtotal					2383.73
Less Supports	3060	2005-2008	2006	2852.80	2852.80
<i>Total Costs</i>					<i>-469.08</i>

### Benefits

The main benefit was a €1,040 increase in income. All other things equal Samantha intends to work for another 28 years. Using a discount rate of 4% the net present value of this increase in come is about €18,370.

### Net Benefit

The net benefit of courses undertaken here to the individual was €18839.

### Sensitivity Analysis

Using alternative values for the discount rate: 3% and 5%, the total benefit ranged from €20,555 - €16534. This would then give a net benefit ranging from €17003- €21,024.

## Conclusion

The three cases are summarised below. It is clear that there is a large variation in the costs and benefits experienced by the individuals studied. All three individuals here experienced a net benefit as opposed to a net cost. However, these figures may underestimate the value of lifelong learning, as there are many positive externalities to society of lifelong education. These wider benefits would be taken into account in studies examining adult learning from a societal.

**Table 7. Costs of Adult Education**

	Costs	Benefits	Net benefit
Case 1	-€3,434.91	€59,000.	€62,482
Case 2	€8,260.07	€658,342	€650,172
Case 3	-€469.08	€18,370	€18,839.