CHAPTER 1



INTRODUCTION

1.1 Background and Rationale

The economic crisis in 1997 made changes to the Thai society, the huge foreign debts and the non-performing loan (NPL) in every sector of the economic system especially the property sector leading to the crisis. The country has to reorganize all the sectors and uses the resources in the more efficient ways.

Resources limitations are the main problems in the Thai economy. Education planning and policy making in all levels are important strategies. The proper and accurate data is what the decision making process most needed: the personals and education needed, education providing, education expenditures and revenues. The cost analysis in education investment will provide the needed data.

Cost of the medical education is the first rank of all the university's. Since the learning processes of medicine need more experimental study and using the hospital base study, which use the costly equiptments and laboratory test cost more than other kinds of education. At the time, the medical students curriculum study more years than other university graduates.

Chulalongkorn University is going to be autonomous by the near future. The Faculty of Medicine's should be prompt in doing so by administration and reorganization the teaching, research and giving medical care in an efficient way. The unit cost analysis of medical student will be used for assessing resources use and the operation system of all facilities in the faculty.

1.2 Research Question

What is the cost of producing a medical student at Chulalongkorn University?

1.3 Research Objectives

General objective

To measure and analyses the unit cost of Medical student education at Chulalongkorn University

Specific objective

- 1. To assess the total cost and unit cost of producing a medical doctor at the Faculty of Medicine
- 2. To measure the total cost of producing a medical student in each Department of the Faculty of Medicine
- 3. To examine the cost components.
- 4. To estimate economic loss of the repeat and dropout of student.
- 5. To estimate the indirect cost (opportunity cost) of students.

1.4 Scope of study

The unit cost analysis of medical student, Chulalongkorn University, the cost information will be collected between 1 October 1999 to 30 September 2000.

The medical students recruited in the study are the medical students who willgraduated as a medical doctor (M.D.) under the six years program in track I.

1.5 Operating definition

Capital

The stock of gooks which are man-made and used in production (as opposed to consumption). Fixed capital (durable goods such as buildings and machinery) is usually distinguished from circulating capital (stocks of raw materials and semi-finished goods which are rapidly used up). In accounting conventions. Capital goods are usually taken as those with a life of more than one year, such as land, Buildings and equipment.

Capital costs

The cost of employing capital goods in as economic sense, it is the rate of return forgone by not using the funds spent on particular capital goods: in other ways. In accounting terms, it is the money expenditure required to purchase capital goods.

Costs

What has to be given up to achieve something.

The value of the benefits which are forgone in order to achieve something (the economic definition).

Depreciation

Decrease in the value of a capital good because of passage of time, wear and tear etc

Discount rate

The annual rate at which the value of a future cost o, consequence is reduced to find its present value. The discount rate expresses society's time preference

rate. For example, at a discount rate of r, an event occurring in n years' time has a present value of $(1 + r)^{-n}$

Efficiency

Relates to output per unit cost of the resources employed. Resources are being used efficiently if a given output is produced at minimum cost. or maximum output is produced at a given cost ("operational" efficiency),. Economists also use the term in the wider sense of cost-benefit analysis ("allocative" efficiency).

Fixed costs

Costs which do not vary with the level of output in the time period considered (usually one year). In this study, fixed cost is capital cost.

Indirect costs

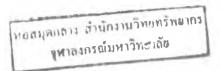
The productivity losses associated with worktime taken up in studying. Typically, this is valued by using earnings as a proxy.

Opportunity costs

The benefits to derived from using resources in their best alternative use. It is therefore a measure of the sacrifice made by using resources in a given programme.

Sensitivity analysis

A technique designed to allow for uncertainty by testing whether plausible changes in the values of the main variables would affect the conclusions of an analysis.



1.6 Possible Benefits

The Faculty of Medicine, Chulalongkorn University and its Departments gain the useful data about unit cost of medical student, they can use for planning of medical training program and budgetting as well as setting tuition fees according to the real value of resources use in the program.

The Faculty of Medicine, Chulalongkorn University gain the useful data aboutUnit cost of medical student, they can use for administrative e.g. resources allocation, workload appraisal organization development.

Provide the clear cost structures of the training and this can be used for cost controlling and improving efficiency in the future, when the autonomous university is applied the cost recovery can be efficiently planned and adjusted.