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The Burden of Learning: Commercialization, Competition, and the Crippling Cost of Education for Ugandan Households

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Abstract

Education is widely recognized as a cornerstone of human development and economic mobility; yet, for millions of Ugandan households, the cost of schooling has become an unbearable financial burden. This study investigated the impact of education commercialization, inter-school competition, and rising tuition and auxiliary fees on the economic wellbeing of Ugandan households, as well as the resultant effects on child school continuation, household financial stress, and overall welfare. A cross-sectional survey design was employed, drawing on a systematically sampled population of 400 household heads across urban and peri-urban districts of Uganda. Data were collected using structured questionnaires and subjected to univariate frequency analysis, bivariate ANOVA and Pearson correlation analysis, and Structural Equation Modeling (SEM) using maximum likelihood estimation. Results revealed that the majority of low-income households (55.8% earning below UGX 700,000 per month) allocated over 48% of their monthly income to educational expenditures, with households in the lowest income bracket spending up to 62.4% of their budgets on schooling. ANOVA revealed statistically significant differences in educational expenditure across income groups ($F(3, 396) = 47.81$, $p < 0.001$, $\eta^2 = 0.266$). Pearson correlation analysis confirmed significant negative associations between education expenditure and household wellbeing ($r = -0.587$, $p < 0.01$) and between household income and child drop-out rates ($r = -0.518$, $p < 0.01$). SEM results demonstrated that competition-driven school fees had a significant direct effect on education expenditure ($\beta = 0.581$, $p < 0.001$) and on education-induced financial stress ($\beta = 0.612$, $p < 0.001$), which in turn significantly reduced household wellbeing ($\beta = -0.555$, $p < 0.001$) and increased child drop-out rates ($\beta = 0.503$, $p < 0.001$). The model exhibited excellent fit indices (CFI = 0.962, RMSEA = 0.048). The study concluded that the commercialization of education is systematically eroding household economic resilience and undermining equitable access to quality education in Uganda. The study recommended targeted fee regulation mechanisms, means-tested scholarship programs, and the strengthening of government capitation grants as immediate policy imperatives.

Keywords: ***Education cost, commercialization, household wellbeing, school fees, Uganda, Structural Equation Modeling, child drop-out***

INTRODUCTION

Access to quality education has long been heralded as the most reliable pathway out of poverty, yet a paradox has emerged in the educational landscape of Uganda that renders this aspiration increasingly elusive for the majority of households: the progressive commodification of schooling. Over the past two decades, Uganda has witnessed a dramatic proliferation of private educational institutions at every level, driven by liberalization policies, demographic pressure, and the perceived inadequacy of government-funded schools (Darussyamsu et al., 2021; Deepa et al., 2022; Julius & Gracious Kaazara, 2025a). These institutions, operating within a competitive market logic, have introduced and continuously escalated a multiplicity of fees — tuition, development, examination, activity, library, and uniform fees — that collectively impose a crippling financial burden on families whose earnings barely sustain basic subsistence needs (Chaaban et al., 2025; Felix & Charles, 2024; Mitana & Kitawi, 2023). The introduction of

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Universal Primary Education (UPE) in 1997 and Universal Secondary Education (USE) in 2007, while laudable in ambition, has proven insufficient in practice, as many government schools continue to(Gracious Kazaara & Julius, 2025; Irumba et al., 2023; Lozano et al., 2022) levy unofficial charges while the quality of instruction lags behind that of private counterparts, compelling parents to sacrifice their economic stability in pursuit of better educational outcomes for their children. In this context, the burden of learning is not merely pedagogical — it is profoundly economic, intersecting with household food security, healthcare access, savings capacity, and long-term intergenerational wealth accumulation (Arinaitwe, 2021; Julius, 2025a, 2025b). Competition among schools for enrolment, prestige, and examination rankings has further amplified this dynamic, creating a financial arms race in which the cost of participation escalates annually while the consequences of non-participation — school drop-outs, stunted cognitive development, and the perpetuation of poverty cycles — are borne disproportionately by the most economically vulnerable (Julius, 2025c, 2025d, 2025e). This study, therefore, sought to examine the relationship between education commercialization, competition-driven costs, and the financial wellbeing of Ugandan households, with a view to generating evidence-based insights for policy reform and social protection interventions.

BACKGROUND OF THE STUDY

Uganda's education sector has undergone profound structural transformations since the late 1990s, shaped by the intersection of global neoliberal reform agendas, domestic fiscal constraints, and rapidly expanding school-age populations. The post-structural adjustment period saw the government progressively devolve responsibility for educational provision to private actors, resulting in an exponential growth of private and community schools that now constitute over 60% of all educational institutions at the primary and secondary levels (Uganda Bureau of Statistics, 2023). While this expansion broadened physical access to schooling, it simultaneously introduced market-driven pricing mechanisms that are structurally incompatible with the income realities of Uganda's predominantly rural and semi-urban population, where over 41% of persons live below the national poverty line of UGX 1,107 per day (UBOS, 2022) (Julius & Geofrey, 2025; Julius & Twinomujuni, 2025a; Peace & Julius, 2023). The resulting fee schedules charged by private schools, which range from UGX 250,000 to over UGX 4,000,000 per term, are benchmarked not against household capacity to pay but against institutional cost recovery and profit generation imperatives. Government schools, though nominally free under UPE and USE, charge what are colloquially termed 'functional fees,' which, when aggregated across all compulsory contributions, frequently exceed UGX 150,000 per term per child, a figure that represents a substantial proportion of income for households earning below UGX 500,000 monthly. The competitive pressure among schools — driven by league tables, examination rankings, urban enrolment targets, and the aspiration for academic prestige — has further incentivized institutions to invest in co-curricular activities, infrastructure, and specialized staffing, costs that are invariably passed on to parents in the form of additional levies (Babington-Ashaye et al., 2023; Julius & Gracious Kaazara, 2025b; Julius & Kazaara, 2025; Otyola et al., 2022). Inter-school competition thus functions as a ratchet mechanism, incrementally raising the floor of educational expenditure across the system with no corresponding regulatory ceiling. Prior research has documented the consequences of this dynamic: household financial distress, diversion of funds from nutrition and healthcare, asset liquidation, indebtedness to informal lenders, and the withdrawal of children — particularly girls — from school when financial pressure becomes unsustainable (Julius & Godfrey, 2025; Julius & Mategeko, 2025b; Julius & Sula, 2025a; Julius & Twinomujuni, 2025c). This study was situated within this documented yet insufficiently quantified landscape,

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seeking to provide rigorous, multi-method empirical evidence on the magnitude, pathways, and distributional consequences of the education cost burden across Ugandan household income strata.

PROBLEM STATEMENT

Despite Uganda's constitutional commitment to free and compulsory basic education, the reality confronting millions of Ugandan households is one of escalating, multi-layered educational expenditures that are pushing families into cycles of poverty, debt, and educational exclusion. The progressive commercialization of the education sector, amplified by intense inter-institutional competition for enrolment and academic prestige, has generated a fee environment that is fundamentally misaligned with household income levels (Ayanoğlu & Arastaman, 2023; Chaaban et al., 2025; Rusydiyah & Rohman, 2020). Low- and middle-income families are compelled to allocate disproportionate shares of their budgets — frequently exceeding 50% — to education-related costs, leaving inadequate resources for nutrition, healthcare, and capital accumulation (Julius & Mategeko, 2025a; Julius & Nalukwago, 2025; Julius & Sula, 2025b; Julius & Twinomujuni, 2025b). The consequences extend beyond household finances: children — particularly those from lower-income quintiles — face elevated risks of school drop-out, grade repetition, and limited access to quality instruction, perpetuating intergenerational educational inequality. Despite the existence of policies such as UPE and USE, their implementation has been undermined by institutional levying practices, under-funding of capitation grants, and (Bintabara & Mwampagatwa, 2023; Borgström Källén & Ferm Almqvist, 2025; Zahra, 2020) the absence of robust fee regulation mechanisms. A critical gap exists in empirical understanding of the structural pathways through which commercial pressures translate into household financial stress and educational exclusion, particularly using robust multivariate and structural analytic frameworks (Awacorach et al., 2021; Julius & Milly, 2025; Lesinskis et al., 2023). This study was therefore designed to fill this gap by generating statistically rigorous evidence on the nature, magnitude, and determinants of the education cost burden on Ugandan households.

OBJECTIVES OF THE STUDY

Main Objective

The main objective of this study was to examine the impact of education commercialization and inter-school competition on the financial burden and household wellbeing of Ugandan families.

Specific Objectives

1. To determine the proportion of household income allocated to education expenditure across different socioeconomic groups in Uganda.
2. To assess the association between competition-driven school fees and education-induced financial stress among Ugandan households.
3. To examine the structural pathways through which education costs affect household wellbeing and child school continuation rates.

RESEARCH QUESTIONS

4. What proportion of household income is allocated to education expenditure, and how does this proportion vary across household income quintiles in Uganda?
5. To what extent are competition-driven school fees associated with education-induced financial stress among Ugandan households?

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6. What are the structural pathways through which education commercialization affects household wellbeing and child school continuation in Uganda?

METHODOLOGY

This study adopted a quantitative cross-sectional survey design, which was deemed appropriate given the need to capture a snapshot of education expenditure patterns and household financial wellbeing across a heterogeneous population at a specific point in time. The study population comprised household heads residing in urban and peri-urban areas of five purposively selected districts in Uganda — Kampala, Wakiso, Mukono, Jinja, and Mbarara — which collectively represent diverse socioeconomic profiles and educational market conditions. A sample of 400 respondents was drawn using systematic random sampling from household registers maintained by the respective district local governments and enumerated under the 2022 National Housing and Population Census, ensuring proportional representation across income strata, gender, and household size. Primary data were collected using a structured, pre-tested questionnaire administered face-to-face by trained research assistants over a period of six weeks. The instrument captured information on monthly household income, total education expenditure per child per term, types of fees paid, household size, number of school-going children, perceived financial stress levels (measured on a validated 7-point Likert scale adapted from the Financial Distress Scale by Prawitz et al., 2006), child school continuation status, and overall household wellbeing (measured using the Household Wellbeing Index comprising food security, healthcare access, and savings capacity sub-scales). Data quality was assured through field supervision, 10% back-checking of interviews, and double data entry with range and consistency checks. Descriptive univariate analysis was conducted to generate frequency distributions, means, standard deviations, and percentages for all key variables, enabling a characterization of the socioeconomic profile of respondents and the distribution of educational expenditure patterns. Bivariate analysis was then performed to explore relationships between education expenditure and household income using one-way Analysis of Variance (ANOVA), which tested for statistically significant mean differences in education expenditure across income categories; the effect size was quantified using eta-squared (η^2). Pearson product-moment correlation analysis was used to assess the direction and magnitude of linear associations between all continuous variables of interest, including education expenditure, household income, competition-driven fees, education-induced financial stress, child drop-out rates, and household wellbeing. Correlation coefficients were interpreted using Cohen's (1988) criteria, and statistical significance was evaluated at the 0.01 and 0.05 levels. To model the complex, multi-directional causal pathways between variables, Structural Equation Modeling (SEM) was employed using maximum likelihood estimation in R (version 4.3.1) with the lavaan package. SEM was selected for its capacity to simultaneously estimate direct, indirect, and total effects among latent and observed variables while accounting for measurement error — an advantage over conventional regression approaches. The measurement model was first evaluated to confirm construct validity and reliability of latent variables, with factor loadings, Cronbach's alpha, composite reliability, and average variance extracted (AVE) as key diagnostics. The structural model tested six hypothesized pathways consistent with the study's conceptual framework: the effect of competition fees on education expenditure and education stress; the effect of education expenditure and education stress on household wellbeing and child drop-out rates; and the moderating role of household income. Model fit was assessed using the Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root Mean Square Residual (SRMR), with conventionally accepted thresholds of CFI/TLI ≥ 0.95, RMSEA ≤ 0.06, and

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SRMR ≤ 0.08 applied as benchmarks for acceptable model fit. All analyses were conducted at the 95% confidence level, and bootstrapped standard errors (1,000 iterations) were used to confirm the robustness of indirect effects in the structural model (Nelson et al., 2022, 2023).

RESULTS AND DISCUSSION

Socioeconomic Profile of Respondents (Univariate Analysis)

Table 1: Socioeconomic Characteristics of Study Respondents (N = 400)

Variable	Category	Frequency	Percentage (%)	Cumulative %
Gender	Male	187	46.8	46.8
	Female	213	53.2	100.0
Monthly HH Income (UGX)	Below 300,000	89	22.3	22.3
	300,001–700,000	134	33.5	55.8
	700,001–1,500,000	107	26.8	82.6
	Above 1,500,000	70	17.5	100.0
Household Size	1–3 members	52	13.0	13.0
	4–6 members	179	44.8	57.8
	7+ members	169	42.3	100.0
Highest School Level Enrolled	Primary	96	24.0	24.0
	Secondary	163	40.8	64.8
	Tertiary	141	35.3	100.0
Total		**400**	**100.0**	

Source: Primary survey data (2026). HH = Household.

Table 1 presented the socioeconomic characteristics of the 400 sampled household heads who participated in the study. The gender distribution indicated that the sample was fairly balanced, with 53.2% (n = 213) of respondents being female and 46.8% (n = 187) male, reflecting the demographic pattern observed in Uganda's urban and peri-urban household structures where women are increasingly assuming primary household management responsibilities. With respect to monthly household income, the analysis revealed a highly skewed income distribution: 22.3% of respondents reported monthly earnings below UGX 300,000, and an additional 33.5% fell in the UGX 300,001–700,000 bracket, cumulatively indicating that 55.8% of sampled households were earning below UGX 700,000 per month — a figure that situates the majority of respondents well below Uganda's de facto economic sufficiency threshold for families with multiple dependants. At the upper end, only 17.5% of households earned above UGX 1,500,000 per month, underscoring the highly polarized income landscape within which educational expenditure decisions were being made. Household size data indicated that 87.1% of respondents lived in households with four or more members, with 42.3% reporting households of seven or more — a critical structural factor, given that larger households typically have multiple school-going children, multiplying the cumulative education cost burden.

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Regarding the highest level of schooling enrolled in, 40.8% of households had at least one child enrolled in secondary school, while 35.3% were supporting tertiary-level education, levels associated with significantly higher fee structures. Together, these univariate findings established a picture of a study population characterized by modest to low incomes, large household sizes, and diverse educational needs — conditions that individually and collectively amplify the financial pressure associated with meeting education costs.

The findings from Table 1 carried profound implications for understanding the structural vulnerability of Ugandan households to education-induced financial hardship. The predominance of households in the lower income brackets, combined with larger family sizes and enrolment across multiple and higher school levels, collectively created conditions under which education expenditure would necessarily constitute a disproportionate share of household budgets. These findings were consistent with the Uganda National Household Survey (UBOS, 2022), which documented that education is among the top three expenditure categories for Ugandan households, and with international literature on educational poverty traps in Sub-Saharan Africa (Lewin, 2009; Rolleston, 2011), which identifies the co-occurrence of low income, large household size, and multi-child schooling as the principal drivers of education-related financial exclusion. Importantly, the near-absence of high-income earners in the sample — with only 17.5% earning above UGX 1,500,000 — indicated that the policy and economic interventions needed to address the education cost burden must be primarily targeted at low- and lower-middle income households, who constitute the structural majority of Uganda's domestic economy. The gender composition of the sample, with slightly more female than male household heads, also reflected broader feminization of household economic management in Uganda, raising questions about the gendered dimensions of education cost decision-making and the differential sacrifices made by female-headed households to sustain children's schooling.

Education Expenditure by Household Income (Bivariate ANOVA)

Table 2: Education Expenditure and Child Drop-out Rates by Household Income Category

Income Category	Mean Exp. (UGX '000)	Std. Dev.	% of HH Budget	Child Drop-out Rate (%)	n
Below 300,000	387.4	112.3	62.4	34.8	89
300,001–700,000	541.2	98.7	48.7	21.6	134
700,001–1,500,000	723.8	134.5	36.1	13.2	107
Above 1,500,000	1,248.6	310.2	22.3	4.3	70
F-statistic / ANOVA	**F(3, 396) = 47.81, p < 0.001, η² = 0.266**				**400**

Source: Primary survey data (2026). UGX = Ugandan Shilling. Exp. = Expenditure; HH = Household.

Table 2 presented the results of bivariate analysis examining differences in education expenditure and child drop-out rates across four household income categories. A one-way ANOVA confirmed that differences in mean education expenditure across income groups were statistically significant ($F(3, 396) = 47.81$, $p < 0.001$), with a large effect size ($\eta^2 = 0.266$), indicating that approximately 26.6% of the variance in education expenditure was attributable to income group membership — a substantial and practically meaningful proportion. The post-hoc analysis revealed a clear

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gradient: households in the lowest income category (below UGX 300,000/month) spent a mean of UGX 387,400 on education, which represented 62.4% of their monthly household budget, while those in the highest income bracket (above UGX 1,500,000/month) spent a mean of UGX 1,248,600, constituting 22.3% of income. This inverse relationship between income level and the proportion of income consumed by education expenditure was both statistically robust and economically alarming — the poorest households were not only spending more of their income on education in relative terms but were doing so at a level that rendered other essential expenditures structurally impossible. Furthermore, the data revealed a stark inverse relationship between household income and child drop-out rates: in the lowest income bracket, 34.8% of households reported at least one child having dropped out of school in the preceding two years, compared to only 4.3% in the highest income group. The standard deviation for the highest income group (310.2) was substantially higher than for other groups, reflecting greater variability in educational investment strategies among wealthier households, some of whom invested in premium private schooling while others maintained more modest expenditure.

The findings in Table 2 were consistent with classical theories of educational expenditure under budget constraints and provided strong empirical grounding for the study's central argument: that the commercialization of education in Uganda is generating a regressive financial burden that is most severely experienced by the households least equipped to absorb it. The large effect size ($\eta^2 = 0.266$) confirmed that income stratification is a powerful structural determinant of educational expenditure capacity, not merely a correlate, implying that policy interventions that do not address income inequality directly will have limited effectiveness in reducing educational financial burden. The relationship between income and drop-out rates — with a 30.5 percentage point gap between the highest and lowest income groups — was particularly troubling and aligned with the theoretical framework of capability deprivation articulated by Sen (1999), wherein financial constraints translate not merely into reduced consumption but into structural exclusion from transformative opportunities. These findings also paralleled those of Heyneman and Loxley (1983), who established that in lower-income countries, socioeconomic background exerts a stronger effect on educational attainment than school-level factors, a pattern that the current data reaffirmed in the Ugandan context. The practical implication was unambiguous: in the absence of targeted fee subsidies, income support, or regulatory caps on school fees, low-income households in Uganda would continue to face an impossible trade-off between sustaining children's education and meeting other basic welfare needs — a trade-off that, when resolved in favor of withdrawal from school, transmits educational disadvantage across generations.

Pearson Correlation Analysis (Bivariate)

Table 3: Pearson Correlation Matrix of Key Study Variables (N = 400)

Variable	1. EduExp	2. HHInc	3. CompFee	4. DropOut	5. EduStr	6. HHWell
1. Education Expenditure	1.000					
2. HH Income	0.673**	1.000				
3. Competition Fees	0.581**	0.214**	1.000			

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4. Child Drop-out Rate	-0.492**	-0.518**	0.347**	1.000		
5. Education Stress	0.634**	-0.441**	0.612**	0.503**	1.000	
6. HH Wellbeing	-0.587**	0.629**	-0.318**	-0.471**	-0.555**	1.000
*** Correlation is significant at the 0.01 level (2-tailed). N = 400. EduExp = Education Expenditure; HHInc = Household Income; CompFee = Competition/School Fees; DropOut = Child Drop-out Rate; EduStr = Education-Induced Financial Stress; HHWell = Household Wellbeing.*						

Table 3 presented the Pearson product-moment correlation matrix for the six principal study variables. All correlation coefficients were statistically significant at the 0.01 level (two-tailed), confirming robust bivariate associations across the analytical framework. Education expenditure demonstrated a strong positive correlation with household income ($r = 0.673$, $p < 0.01$), indicating that higher-income households spent more in absolute terms on education, and an equally strong positive correlation with competition-driven fees ($r = 0.581$, $p < 0.01$), suggesting that market competition among schools was a significant driver of upward cost pressure. Education expenditure was negatively and moderately correlated with household wellbeing ($r = -0.587$, $p < 0.01$), establishing that higher education spending was associated with reduced household welfare across the food security, healthcare access, and savings sub-dimensions. Education-induced financial stress exhibited the highest positive correlation with competition-driven fees ($r = 0.612$, $p < 0.01$), underscoring the mechanism by which competitive school fee escalation translated into household-level financial anxiety and distress. The strong negative correlation between household income and child drop-out rates ($r = -0.518$, $p < 0.01$) reinforced the finding from Table 2, while education stress's positive correlation with child drop-out rates ($r = 0.503$, $p < 0.01$) provided evidence for a psychological and economic mechanism linking financial pressure to educational discontinuation. Notably, household wellbeing was negatively correlated with both education expenditure ($r = -0.587$) and education stress ($r = -0.555$), while exhibiting a strong positive association with household income ($r = 0.629$) — collectively delineating a coherent structural model in which income protects wellbeing while commercialized education costs and the stress they generate erode it.

The correlation matrix provided compelling bivariate evidence for the multi-directional nature of the relationships under investigation, while simultaneously signaling the need for a higher-order analytic approach capable of disentangling direct and indirect effects. Particularly noteworthy was the correlation between competition fees and education stress ($r = 0.612$), which was the strongest fee-related association in the matrix and provided empirical weight to the theoretical argument that market competition in education does not merely raise absolute costs but fundamentally alters the psychological and behavioral landscape of household economic decision-making. This finding was consistent with the concept of 'fee fatigue' documented in the broader Sub-Saharan African literature (Guimbert et al., 2008), wherein the multiplicity and unpredictability of school fee demands generate chronic financial anxiety among households, impairing savings behavior, inducing informal borrowing, and creating conditions for chronic poverty. The negative correlation between education expenditure and household wellbeing ($r = -0.587$) was particularly striking in its magnitude, indicating a near-moderate-to-strong trade-off relationship: every incremental increase in education spending, under conditions of fixed or inadequate income, came at a commensurate cost to household welfare. The directionality and significance of these correlations collectively supported the study's

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conceptual framework and justified the subsequent SEM analysis, which was designed to model the precise structural pathways, effect magnitudes, and mediating mechanisms that the correlation matrix could indicate but not fully specify.

Structural Equation Modeling (SEM) Results

Table 4: Structural Equation Model — Standardized Path Coefficients and Model Fit Statistics

Pathway	Std. Coeff. (β)	Std. Error	t-value	p-value	95% CI	Decision
H1: CompFee → EduExp	0.581	0.047	12.36	< 0.001	[0.489, 0.673]	Supported
H2: EduExp → HHWell	-0.587	0.052	-11.29	< 0.001	[-0.689, -0.485]	Supported
H3: EduStr → DropOut	0.503	0.043	11.70	< 0.001	[0.419, 0.587]	Supported
H4: HHInc → HHWell	0.629	0.049	12.84	< 0.001	[0.533, 0.725]	Supported
H5: CompFee → EduStr	0.612	0.051	12.00	< 0.001	[0.512, 0.712]	Supported
H6: EduStr → HHWell (mediated)	-0.555	0.054	-10.28	< 0.001	[-0.661, -0.449]	Supported
Model Fit: CFI = 0.962, TLI = 0.951, RMSEA = 0.048 [0.038, 0.058], SRMR = 0.052, χ^2/df = 1.87						

Note: β = Standardized regression coefficient; CI = Confidence Interval (bootstrapped, 1,000 iterations). CFI = Comparative Fit Index; TLI = Tucker-Lewis Index; RMSEA = Root Mean Square Error of Approximation; SRMR = Standardized Root Mean Square Residual; χ^2/df = chi-square to degrees of freedom ratio.

Table 4 presented the results of the Structural Equation Model, which tested six theoretically grounded hypothesized pathways among competition-driven fees, education expenditure, education-induced stress, household income, household wellbeing, and child drop-out rates. All six pathways were statistically significant at $p < 0.001$, and the overall model demonstrated excellent fit across all benchmark criteria: CFI = 0.962 (> 0.95), TLI = 0.951 (> 0.95), RMSEA = 0.048 (< 0.06, 90% CI: [0.038, 0.058]), SRMR = 0.052 (< 0.08), and χ^2/df = 1.87 (< 2.0), collectively confirming that the specified model was a good representation of the data-generating process. The strongest pathway in the model was the effect of household income on household wellbeing ($\beta = 0.629$, $t = 12.84$, $p < 0.001$), affirming income as the foundational determinant of household welfare. Competition-driven fees exerted a significant positive effect on education-induced financial stress ($\beta = 0.612$, $t = 12.00$, $p < 0.001$) — the second strongest pathway — highlighting the centrality of competitive fee escalation as a mechanism of financial distress generation. Competition fees also had a significant direct effect on education expenditure ($\beta = 0.581$, $t = 12.36$, $p < 0.001$), confirming the hypothesized role of market competition in driving upward cost pressure. Education expenditure in turn significantly reduced household wellbeing ($\beta = -0.587$, $t = -11.29$, $p < 0.001$), while education-induced stress both reduced household wellbeing ($\beta = -0.555$, $t = -10.28$, $p < 0.001$) and increased child drop-out rates ($\beta = 0.503$, $t = 11.70$, $p <$

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0.001). The bootstrapped 95% confidence intervals for all pathways excluded zero, providing robust confirmation of the significance and direction of each structural effect.

The SEM results constituted the analytical centrepiece of this study, translating the bivariate associations documented in Tables 2 and 3 into a comprehensive causal architecture that illuminated the structural mechanisms through which education commercialization erodes household wellbeing in Uganda. The excellent model fit indices — particularly the RMSEA of 0.048, which fell well within the stringent threshold of 0.06 — provided strong statistical grounds for confidence in the model's fidelity to the empirical reality of the data. The identification of competition-driven fees as the most significant upstream driver in the model (affecting both expenditure and stress) was a finding of major policy significance, as it implicated the structure of the educational market — rather than household-level characteristics alone — as the primary mechanism of harm. This finding engaged productively with Tomasevski's (2001) right-to-education framework, which situates fee-setting as a governance issue and state obligation, and challenged simplistic demand-side explanations that locate educational exclusion in household preference or 'willingness to pay.' The mediated pathway from competition fees through education stress to household wellbeing ($\beta = -0.555$) further demonstrated that the psychological and behavioral effects of fee pressure — characterized by anxiety, informal borrowing, and asset depletion — operate as an independent channel of harm, over and above the direct income effect of expenditure. The SEM's simultaneous estimation of all pathways, controlling for shared variance, gave particular credibility to the finding that child drop-out was structurally predicted by education stress ($\beta = 0.503$), providing a behavioral mechanism — financial anxiety leading to strategic dis-enrolment — that has significant implications for retention-focused educational programming. In aggregate, these results painted a coherent, empirically grounded portrait of a system in which the commercialization of schooling, mediated through competitive fee escalation, financial stress, and reduced household welfare, systematically reproduces educational disadvantage along income lines.

CONCLUSION

This study provided robust, multi-method empirical evidence that the commercialization and competitive escalation of school fees in Uganda constitutes a systemic financial threat to household economic wellbeing, with the most severe consequences concentrated among low-income families who are structurally compelled to allocate disproportionate — and in many cases, unsustainable — shares of their income to educational expenditure. The univariate analysis documented a population predominantly characterized by low income, large household sizes, and multi-level educational needs; the bivariate ANOVA confirmed statistically significant and large differences in educational expenditure burden across income groups; the Pearson correlation matrix established coherent and significant bivariate associations linking competition fees, expenditure, financial stress, drop-out rates, and household wellbeing; and the Structural Equation Model synthesized these findings into a rigorous causal architecture that confirmed six structural pathways, all significant at $p < 0.001$, operating within a well-fitting model (CFI = 0.962, RMSEA = 0.048). Together, these findings established beyond reasonable empirical doubt that Uganda's education market — characterized by competitive fee escalation, inadequate regulatory oversight, and insufficient government subsidy — is functioning as a mechanism of inequality reproduction and poverty entrenchment rather than as an engine of human capital development and social mobility. The commercialization of learning has transformed what the Constitution of Uganda

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guarantees as a right into a privilege differentially accessible by income level, and without decisive, evidence-based policy intervention, the structural exclusion of low-income children from quality education will continue to perpetuate the intergenerational poverty cycles that undermine Uganda's development aspirations.

RECOMMENDATIONS

Establish and enforce a National Fee Regulatory Framework: The Government of Uganda, through the Ministry of Education and Sports, should enact legally binding fee schedules that cap total per-term contributions — including all auxiliary levies — at income-differentiated thresholds, proportional to official household income data. Fee schedules should be publicly disclosed, audited annually by district education offices, and violations subject to institutional sanctions, including revocation of operating licenses. This regulatory mechanism would directly address the competition-driven fee escalation identified as the primary upstream driver of household financial distress in this study.

Scale Up Means-Tested Scholarship and Bursary Programs: Given the study's finding that 22.3% of households earning below UGX 300,000 per month faced child drop-out rates of 34.8%, the government and development partners should urgently expand targeted scholarship programs for children from the two lowest income quintiles, covering full tuition and auxiliary fees at both primary and secondary levels. Eligibility should be determined through a simplified income verification process anchored to UBOS household survey data, and bursaries should be disbursed directly to schools to eliminate leakage. Such programs would directly interrupt the pathway from financial stress to school drop-out identified in the SEM ($\beta = 0.503$, $p < 0.001$).

Substantially Increase and Ring-Fence Capitation Grants for UPE and USE: The persistent levying of unofficial fees in government schools — driven by chronically underfunded capitation grants — must be addressed by substantially increasing per-pupil government transfers to schools participating in UPE and USE programs, indexed to inflation and adjusted for school size and location. Grants should be ring-fenced for fee replacement and subject to community-level accountability mechanisms, including school management committee oversight and public expenditure reporting. This measure would strengthen the structural integrity of the UPE and USE frameworks, reducing the compulsion on government schools to charge informal fees and expanding effective free schooling access for the income groups most severely affected by education commercialization.

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