Inadequate Funding as the Bane of Tertiary Education in Nigeria

By

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ABSTRACT

History and growth of the University system started in 1948 with establishment of the University College Ibadan (now University of Ibadan) by the British Colonial Masters. Overtime, this has grown into a three tier of system consisting of Federal, State and Private Universities. Each tier is financing its own established institutions. The last strike by Academic staff of public schools in Nigeria (Federal and State) when they were agitating for government’s positive action on inadequate funding of higher Institutions is a reference point. These kinds of strikes had adversely affected the standard of education in Nigeria to the extent that none of Nigeria’s higher institution is ranked among the first seven institutions in Africa. Based on past experience in this country, several efforts of the Federal Government to address this issue have not yielded any progressive result. It is certain that our tertiary Institutions need to raise funds to supplement government funding, and not only this, there is need for proper monitoring of how such funds are being used judiciously because of the corrupt nature of some of our officials in the African continent, most especially Nigeria. It is in doing this that our Tertiary Institutions, especially Universities will be able to conduct relevant and quality researches, improve the quality of graduates being produced and make sustainable contributions to the National development of the country. Consequent upon this, the paper critically examines sources of funding higher education, problems and prospects and posits that one way out of this problem is to focus on internally generated Revenue projects which can be used for research works and other development projects. This I believe will catalyze government's role and create an enabling environment for consistency and better standard of education in the Country.

Key words: IGR, Funding, Tertiary, Aids, Services, Enterprises, Strategy.

THE STATEMENT OF THE PROBLEM

It has been observed in the past history of tertiary education in this country that there had been an incessant strikes in our tertiary institutions, and in some cases, threaten of likes by giving ultimatum to the authorities of impending strike if their demands are not met which in all cases revolve around inadequate funding of their Institutions. One can imagine such strikes taking up to six months to one year and its attendant effects on the students and the community as a whole.

It is in the light of posing solutions to this bane that this article examines the possibilities and ways of funding these institutions by both the government, community and Internally Generated revenue (IGR) of the institutions themselves so that the idea of resting solely on the government to finance them will be discarded and peace will return to these institutions for the purpose of our educational development.

LIMITATION OF THE STUDY

As good as the research work is, there is a dearth of data to support most of the issues raised in the article. This is the bane of problem in this kind of work in all developing countries in which Nigeria is among.

Despite this, the study can still be ongoing especially by looking and examine further the extents by which the suggested solutions could solve the problem of incessant strikes in our institutions. Maybe there are some hidden factors in the mind of these striking lecturers that may be of personal interest than their agitating for non adequate funding of the institutions by the authorities so that further conclusions and recommendations can be made and expand the scope of this study. Such future discussions can inculcate international affiliation to the funding model to be used at that period.
INTRODUCTION

The history of University Education funding in Nigeria dated back to the period of establishment of tertiary institutions. Since then and up till now, there is low level of University education funding and it is often an issue among stakeholders with its effects on quality of University education in Nigeria. The World Bank (2010) study reveals that the problem of higher education financing, especially University education is more serious in Africa than the rest of the world. In Nigeria for instance, apart from global economic recession which is ravaging the economy, other factors like huge foreign and domestic debts, declining revenue from non-oil sectors due to the neglect, declining government revenue from the oil sector they depend upon, huge budget that government earmarked for debt servicing on yearly basis, mismanagement of economic resources, high rate of corruption in all sphere of the economy etc. had made it difficult for the government to generate adequate resources to fund our public tertiary institutions in the Country. Hence, there is need for these institutions to engage in revenue generating projects with a view to supplementing government subventions. This will assist in militating against the frequent strike by ASUU (Academic Staff Union of Nigerian Universities). This strike has crippled our University education system in the country. Osun Radio (2013) analyzed the history of ASUU strikes in the Country since 1999 as follows. In 1999, ASUU went on strike for 5 months, 3 months in 2001, 2 weeks in 2002, 6 months in 2003, 3 days in 2005, 1 week in 2006, 3 months in 2007, 1 week in 2008, 4 months in 2009, 5 months 1 week in 2010, 3 months in 2011 and 5 months 20 days in 2013. Lack of funding was central to these strikes. Akinkunle (1986) proposed a funding model for higher education where he informed that an effective educational funding is a function of government, community and educational institutions collaborative efforts. The purpose of this paper therefore is to espouse the various ways by which tertiary institution can generate and manage internally generated revenue (IGR) to supplement that of government subventions which has been taken for granted in Nigeria.

LITERATURE REVIEW

The history of University education funding in Nigeria dates back to 1948 when the university college Ibadan (UCI) was established based on the Elliot commission’s recommendation in Nigeria. Though UCI was affiliated to the University of London, it was accorded University status in 1962 and named as University of Ibadan (UI). Ukeje (2002) posits that UCI was funded from two sources: the Nigerian government provided 70 percent of the funds and the United Kingdom 30 percent of the total recurrent costs. Following the Ashby commission’s report set up in 1959 to conduct an investigation into the Country’s needs for the establishment of more higher education over the next 20 years (1960 to 1980) five more universities were established between the years 1960 to 1970. Four out of these 5 were regional universities. They are: University of Nigeria, Nsuka in 1960, Ahmadu Bello University, Zaria in 1962, University of Ife (now OAU) in 1962 and University of Benin, Benin-city in 1970. The fifth one which was University of Lagos was established in the year 1962 by the Federal Government of Nigeria (Fafunwa, 1974). All these 5 Universities plus University of Ibadan made 6 Universities in Nigeria as of the year 1975 and are regarded as the first generation Universities, each of them have been funded by the Federal and Regional governments.

Ukeje (2002) informs that in Ahmadu Bello University from 1962 to 1975, there was no substantive difference each year between the amount requested by the University and the amount received from the Northern Regional Government. He further stated that there were years in which the amount received was more than the amount requested for. This could be attributed to what Yesufu (1985) attributed to the fact that between 1950s and 1960s, Northern, Western, Mid-Western and Eastern Regional governments earmarked about 25% to 30% of their annual budgets to education.

The Federal Government of Nigeria established 7 more Universities in 1975 and also took over the existing 4 Regional Universities to add up the total number of Universities under the Federal Government’s control to thirteen. Onyeonora (2007) also argued that the 1975 period marked the beginning of the problem of University funding in Nigeria. To support his view, he refers to Ukeje (2002) who posits that after the 1975/1976 session at ABU, Zaria, for the first time, a recorded shortfall of 20 percent in the amount requested was noticed.

As a result of an increasing demand for University Education in Nigeria, the Federal Government also established 9 more Universities between 1980 and 1990, and 5 additional universities between 1991 and 2009 (Shina, 2012). Therefore as at now the number of Federal Universities in the Country is 27, 29 State Universities, 27 private universities, 21 Federal Polytechnics/Colleges of Technology, 38 State Polytechnics/College of Technology, 19 private Polytechnics/Technology, 21 Federal Colleges of Education, 38 State Colleges of Education and 4 Private Colleges of Education (JAMB Brochure 2012).

Okojie (2010) describes the current approved funding criteria used by NUC to disburse funds to Universities as follows:
The funding formula for allocating funds to these Universities has been reviewed severally based on several factors such as year of establishment, number of degree students admitted, number of academic and non-academic staff, and ratio of science and humanities based disciplines.

As a result of these factors, the funding formula keeps on changing. Since the year 1974, the funding formula for Nigeria Universities has been revisited twice, that is, in the years 1982 and 1989 (Esenwa, 2011).

Okojie (2010) also informs that the trend of funds disbursements to Federal Universities is as shown in the Table below:

**FUND DISBURSEMENTS TO FEDERAL UNIVERSITIES IN NIGERIA (2000-2009)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurrent Grants (₦)</th>
<th>Capital Grants (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>28206218865.91</td>
<td>1936785632.00</td>
</tr>
<tr>
<td>2001</td>
<td>28419719502.84</td>
<td>4226691359.00</td>
</tr>
<tr>
<td>2002</td>
<td>30351483193.00</td>
<td>NIL</td>
</tr>
<tr>
<td>2003</td>
<td>34203050936.33</td>
<td>NIL</td>
</tr>
<tr>
<td>2004</td>
<td>41492948787.01</td>
<td>1197338699.00</td>
</tr>
<tr>
<td>2005</td>
<td>49453098168.72</td>
<td>8822869440.00</td>
</tr>
<tr>
<td>2006</td>
<td>75400267475.00</td>
<td>6976416815.00</td>
</tr>
<tr>
<td>2007</td>
<td>81757053487.00</td>
<td>8808205850.00</td>
</tr>
<tr>
<td>2008</td>
<td>92219484808.00</td>
<td>14414135937.00</td>
</tr>
<tr>
<td>2009</td>
<td>98028449198.00</td>
<td>10571861732.00</td>
</tr>
</tbody>
</table>


From the table, in the year 2000, ₦28,206,218,865.91 was received as recurrent grants and ₦1,936,785,632.00 received as capital grants for the entirely 27 federally controlled Universities. As of 2009, ₦98,028,449,198.00 was received for recurrent grants and 10,571,861,732.00 for capital grants for the same 27 universities. Percentage increment in recurrent grants between the years 2000 and 2009 was 89.17% and for capital grants was 197.11% (Shina, 2012).

The implication of this funding analysis reflects the observation of the World Bank (2010) study that there is problem of financing qualitative University education in Africa. Apart from the low value of fund between the years 2000 and 2009, the upsurge in degree students' enrolment, that is, over 100 percent as reported by Okojie (2010) is yet another dimension to compound the problem. The earlier study by Saint et al. (2003) also found that between 1990 and 1997, the real value of government allocations for higher education declined by 27% even as enrolment grew by 79%. Okojie (2010) admitted that most federally controlled universities' administrators complain of inadequate funding and they are not allowed to charge undergraduate tuition fees. The effects of this funding problem could have resulted to some of Obonya’s(2002) earlier observations alluding to deterioration of physical facilities; internal and external brain drain among the intellectual class; and overstretching of teaching, research and managerial capacities in Nigerian University system. In relation to the University’s mandate on research for instance, Olayiwola (2010) claimed that since most research input and equipment are imported, the purchasing power of the Naira has been weakening as a result of devaluation of currency caused by the poor state of the economy. Most of the input in the form of books, journals, and laboratory equipment could not be sustained for research activities (Olayiwola, 2010). As a result of these daunting teaching and research situations, Universities administrators have consistently identified funding issues as a critical challenge in discharging their functions effectively (Shina, 2012).

This paper therefore critically examines source of funding higher Education in Nigeria in the context of implementing internally generated Revenue (IGR) initiatives to complement government subventions to these Institutions, so as to forestall frequent strikes by both academic and non-academic Staff in the Universities. This approach is intended to create an enabling environment for consistency and enhanced standard of education in Nigeria.
Analysis

There are a number of ways by which Higher education can generate funds. These include the following:

- Tertiary institutions could raise money from their research, and donations from former students through their alumni associations.
- Akinkunle, (1985) identified three broad ways tertiary institutions can raise funds- through government, community and educational institutions’ efforts.

According to the pragmatic funding model (Nigerian Institute of Management, 1988), higher education can raise money in three major ways in addition to government grants and community assistance. These sources of revenue are: 1) Financial aid, 2) Sale of services and 3) Business Enterprises.

(i) Financial aid can be sub-divided into three distinct areas; (a) Endowment fund and gifts, (b) development appeal fund and (c) alumni fund.

Endowment fund: This is a scheme fund to which donors contribute for purposes of re-investment. That is, it is the money that has been given to the institution to be held in perpetuity. The Principal may not be spent, but the income may be disbursed on operational projects in the University.

Development appeal fund: This is similar to the endowment scheme, yet, it is different in the sense that most institutions that may embark on it have specific purposes in mind like building an auditorium or residential hall, construction of water dam and procurement of computer hardware etc.

Alumni Fund: This method of raising fund was suggested by Professor William, a famous Yale Sociologist and Economist when he said that “Alumni would give according to their ability in order that the College might hold the same relative position to future generations which it held to their own. The sense of gratitude, the sense of responsibility and interest in the cost of education, which are felt by these men and women, constitute a source which has never yet been used but which would yield richly”. The extent of the support accorded to a school by its own graduates speaks a lot. It is not merely what the alumni give, it is the fact that they do give; that is of supreme importance.

It is unfortunate that a number of tertiary institutions in developing societies do not keep an up-to-date record of their graduates. But in the face of acute financial problem which confronts higher education in Nigeria, it is imperative to up-date their addresses and maintain regular contact with them. This group of men and women constitute a good source of financial support for higher education if their efforts are well coordinated and articulated.

(ii) Sale of services:

Sale of services can be divided or broken into sub-divisions

(a) Sale of admission forms and general services
(b) Rental of physical facilities and
(c) Consultancy services.

Sale of General Services: Among the services that higher education offer for sales are; admission forms, instruction academic records, academic robes and examination, post UTME forms, pre-degree forms etc. These services can yield substantial revenue to the tertiary institutions if properly harnessed.

Rental of Physical Facilities: Many institutions have facilities which can yield money if they are hired out to individuals and organizations. Halls and Classrooms could be hired out for conferences, examinations, wedding receptions etc. Free field can also be rented out for those doing burial ceremonies and wedding. Tapolin and Plastic chairs can be constructed for rentage also in these institutions.

Consultancy Services: A number of tertiary institutions especially Universities, engage in consultancy services. The most common among the services being provided are – business engineering and education. In the case of business, staff recruitment and feasibility studies writing are paramount. As for engineering services, government at all levels may find it easy to patronize higher education offering such services before considering external engineering firms. By providing such services, it is possible for the society to save a substantial sum in foreign exchange earning which ordinarily could have been siphoned out of the country as fees to foreign engineering and other consulting firms.
Others are sales of forms and other generated fees from Pre-degree programmes in the Universities, M.B.A. Executives in some Universities, Pre-ND in Polytechnics and Colleges of Technology and Pre-NCE in Colleges of Educations. All these are good sources of generating revenue for our tertiary Institutions in the country.

(iii) Business Enterprises:

Business Enterprise is an indirect way of generating funds for higher institutions, while the first two approaches (financial aids and sale of services) constitute a direct way. There are four major business enterprises in which tertiary institutions can invest their productive funds. These are: (a) Agriculture, (b) Manufacturing, (c) Commercial, and (d) Portfolio Management.

Agriculture: Though, some of the tertiary Institutions in Nigeria are known to have established agricultural projects, all tertiary institutions should, as a matter of deliberate policy and urgency be encouraged to embark on this venture. They should play a significant role both in research work and practical agriculture in order to assist in feeding the growing population and to reduce the nation’s dependence on imported foods from abroad.

Manufacturing: All tertiary institutions should also consider setting up any manufacturing industry like simple food processing industry for local consumption as well as for export where possible.

Commercial Ventures: Higher institutions can embark on a wide range of enterprises like real estate, market stalls, shopping complexes, petrol station, retail and distributive trade. Other viable projects which may be considered are: bakery, hotel and catering services, bookshop, printing, transport services etc. Apart from the fact that these enterprises provide revenue/income for higher institutions, they can serve as training workshops for students on Industrial Work Experience Scheme (SIWES). Higher institutions can also embark on other creative commercial ventures such as establishing Micro Finance Bank or selected institutions can come together to jointly set up Commercial Banks. Funds can also be raised through lottery and raffle draws. These techniques, apart from serving as sources of revenue to these Institutions, are reliable ways of redistributing the nation’s wealth.

Portfolio Management: All investible funds of these tertiary institutions could be placed in profitable government securities, bonds, debentures and stock for the purpose of generating revenue in form of interest and yearly dividends for these institutions. Though, with the recent crash in stock value in the stock market, this is not to say that we do not have some stocks that are still investible to generate reasonable incomes for these institutions, which they are aware of, for, we cannot be mentioning names here not to turn the paper to advertisement one.

Funds raised by these institutions need to be managed effectively. This can be done in the following ways:

- The institution can appoint an officer to run its revenue yielding enterprises under the auspices of the governing council.
- The institution may incorporate a limited liability company to administer its internally generated revenue. These consultancy-based enterprises can also be run under a Director who will also be responsible to a management board that reports to the Governing Council through the Vice Chancellor or the Deputy Vice Chancellor as they deem fit.

CONCLUSION

Just of recent, specifically, between 1st July 2013 and 17th December 2013, a period of almost six months, the Academic Staff Union of Universities (ASUU) in Nigeria were on strike whereby the whole public Universities in the country were closed down due to this so called inadequate funding. Only private Universities were in session. Millions of our students in these Universities were either at home doing nothing while some engaged in unexpected activities that even led to loss of life for some of them. The strike was called off on agreement that the Federal Government will fund the Universities for the next five years with the initial release of N255 billion to all 27 federally controlled Universities. Funny enough, all Nigerian Federal Polytechnics and Colleges of Technology had been on strike for the past nine months due to the same problems without any solutions at hand.

However, it is certain, based on past experience of such funding, that the effort of the Federal Government to address this funding issue may not yield any progressive result. It is clear and certain that our tertiary institutions do not only need to raise funds to meet any further expected challenges by supplementing government efforts, they also need to manage the resources prudently through proper monitoring to avoid mismanagement.
Though, the role of government in funding education cannot be over-emphasized, it has been taken for granted and not sufficiently appreciated by the citizenry. Many believe that Government should provide education free of charge at all levels (in form of free education philosophy), while quite some people believe that the benefits derive from educational endeavor go beyond this phenomenon, there are benefits accruing to individuals and government. Based on this, I am equally suggesting that the government should enact a law which will make it mandatory for business organizations and firms to contribute a percentage of their yearly income/profit to the funding of tertiary institutions especially Universities' education in Nigeria.

On this view is the fact that government, private individuals and corporate bodies should share the cost of education. Since some parents could send their children to private Universities and pay for them without any subvention from the government, in the same manner, public Universities should not be left to the hand of government alone. Internal revenue should be generated by these Universities and indeed, other tertiary Institutions from these various bodies.

It is in doing this that will make our Universities to be able to conduct relevant and quality researches, improve the quality of graduates being produced and sustainable contributions towards national development be attained. The efforts will address the low rankings of Nigerian Universities both regionally and globally. Poor quality of graduates and irrelevant research outcomes to national development will be drastically reduced if not eliminated completely.

REFERENCES
