

Funding University Education In Nigeria: Implications On Institutional Performance

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Abstract

The problem of funding of universities in Nigeria has become a recurring decimal often resulting into strikes and closures of universities. The trend led to slow infrastructural development, inadequate teaching and learning facilities, brain drain and general falling standard of Education. The paper examined funding university Education in Nigeria and its implications on the performance of these institutions. The African political economy model was used in explaining the financial state of Nigerian Universities. While the human capital theory was used to support the arguments in favour of multiple forms of cost sharing. The findings revealed that although the Federal Government provides about 90 percent funds, it has not been able to successfully finance the system due to economic, social and political depression. This is evident in poor quality of teaching and research, poor conditions of work and insufficient attention to staff development. The consequence is that goals of university education in Nigeria are yet to be achieved. The paper recommended that the federal government of Nigeria should increase budgetary allocation to the education sector significantly on yearly basis. It further recommended the partial deregulation of education sector so as to ensure the provision of additional reserves for universities.

Key words: Funding, Education, Institution, performance

INTRODUCTION

Funding university education in Nigeria has always been the responsibility of both the state and federal government. The consequence of this is the neglect of certain sectors of education. This results in shortage of funds and lean resources in the university system.

The goals of University education in Nigeria as stipulated in the National Policy of Education (2004) include:

- ❖ Contribute to national development through relevant high level manpower training.

- ❖ Develop and inculcate proper values for the survival of the individual and the society.
- ❖ Development of the intellectual capability of individuals to understand and appreciate their local and external environments.
- ❖ Acquire body physical and intellectual skills that will enable individuals to be self reliant and useful members of the society.
- ❖ Promote and exchange scholarship and community service.
and
- ❖ Promote national and international understanding and interrelations.

Effective discharge of these functions require that universities be adequately funded as investment in university education is seen as an investment in the present and future development of a nation (Ahmed, 2001). Mgbekem (2006) reveals that the major challenge facing the management of university system in Nigeria is inadequate funding. Ajayi and Ekundayo (2006) maintain that the Nigerian government over the years has not been meeting the United National Educational Scientific and Cultural Organization (UNESCO) recommendation of 26% of the total budget allocation to education sector. In view of this, the Tertiary Education Trust Fund (TETFund) was established as an intervention agency under the Education Tax Act No. 7 of 1993. TETFund normal intervention activities include sponsoring of lecturers for post graduate studies, funding educational facilities, promoting creative and innovative approach to learning; providing higher education books and libraries; and providing equipment (ETF, 2011).

The findings of Oyaneye (2007) and Adegbite (2007) revealed that the major challenges facing the university system in Nigeria is inadequate funding. That is why the Nigeria government over the years has not been meeting the United Nation Education, Scientific and Cultural Organization (UNESCO) recommendation of 25% of the total budget allocation to education sector (Ajayi and Ekundayo 2006). The gap between funding and educational development particularly with the proliferation of universities over the years has continued to generate interest among researchers and other stakeholders.

In spite of the various intervention areas by TETFUND, there still exist poor educational facilities in Nigeria. It is worrisome to note that Nigerian universities are fast decaying. All the resources required for education production process are in short supply. Lecture halls, laboratories, students' hostels, library space, books and journals and office spaces are all seriously inadequate (Mgbeken, 2006). World Bank (2009) collaborates that equipment for teaching, research and learning are either lacking or very inadequate and in a bad shape to permit the universities the freedom to carry out the basic function. Nigeria government's priority to universities in terms of funding has declined and this has limited the ability of the universities to effectively and efficiently perform their duties, particularly the traditional roles of teaching and research (Bamiro and Adedeji, 2010). The problem of underfunding of Nigeria universities is a consequence of the expansion of the system in response to the growing demand for university education and the intensifying needs of modern economy driven by knowledge, without an increase in the corresponding rates of available resources.

There is need for a transformation within the university system, so that the challenges of chronic under funding can be addressed. It is against this background that this paper examined the modes of funding federal universities in Nigeria, with a view to assessing their adequacy and effectiveness. It also identified the implications of the mechanisms of funding on university performance.

FUNDING THE UNIVERSITY EDUCATION

At the general level, there are four sources of funding tertiary education in Nigeria (Ogunlade, 2006):

- a) Support from Federal and State governments constituting more than 90 percent of the recurrent costs and 100 percent of capital costs.
- b) Students contributions (fees)
- c) Private contributions by commercial organizations in form of occasional grants for specific purposes, and
- d) Interest earnings on short-term bank deposits and rents of university properties.

The Government through the National Universities commission makes it mandatory for all Federal universities to generate 10 percent of their total yearly funds internally through various revenue diversification means (Odebiyi and Aina, 2007).

The support from Government comes in form of subventions. These subventions constitute the major source of financing recurrent and capital projects for Nigerian universities.

The liberalization of the establishment of universities in Nigeria was not just to facilitate access but it was a response to the country's desire to be integrated into the modern knowledge economy. This development increased enrolment but without adequate planning. There has been a downward trend in the funding of universities in the country that funds released to them by government are always inadequate (Adeniyi, 2008). For example, government's grants dropped from N148.9 million in 1977 to N85 million in 1978. The local incomes also dropped from N24

million in 1977 to N22.9 million in 1978. Most of the capital projects at that time were abandoned and there was considerable deterioration of physical facilities. Currently, the Nigerian government controls universities through the National universities Commission which among other functions allocates funds to federal Universities and also prescribes the spending formular (see table I).

Funding universities throughout the world has witnessed dramatic changes in the last decades of the 20th and the first decade of the 21st centuries. These changes are responses to a worldwide phenomenon of rising cost of university education in excess of the corresponding rates of increase of available revenues. In order to cope with government funding reductions, universities worldwide now generate additional sources of funds (Johnstone 2005).

In Nigeria, funding shortfalls have been the norm for many years as enrolments have increased more quickly than the government's capacity to maintain its proportional financial support. Because government funding is insufficient to maintain institutional performance in teaching and research, Nigerian universities, just like other universities else where in the world have sought to supplement their public funding with locally generated incomes.

Government subvention constitutes for most universities over 95% of the recurrent fund. The amount of subvention changes on yearly basis because it is based on budget. See table I below. Bamiro and Adedeji (2010) attribute this not just to social and economic depression of the country

but also to the country's desire to be integrated with an increased enrolment without adequate planning.

In view of this, Hartret (2000) suggested that more creative and adequate financing strategies are needed in order for Nigerian universities to off set the declining educational quality, resource use efficiency and learning effectiveness that now confronts them.

Table I below shows government allocation of funds to the federal universities from 1988 to 2008.

Year	Total Fed. Govt. Expenditure (Nm)	Expenditure on Education (Nm)	Expenditure on Education as % of the Total expenditure
1988	20,290.80	190.10	5.37
1989	27,392.20	1,941.80	7.09
1990	36,264.00	2,394.30	6.33
1991	35,264.00	1,554.20	4.42
1992	52,035.90	2,060.40	3.96
1993	112,100.50	7,999.10	7.14
1994	110,201.00	10,283.10	9.33
1995	153,495.60	12,728.70	8.20
1996	189,000.00	15,351.80	8.12
1997	273,723.20	15,946.00	5.83
1998	376,967.10	26,221.30	7.35
1999	358,103.50	31,508.10	8.82
2000	664,734.30	67,508.10	10.16
2001	918,028.60	59,744.60	6.51
2002	1,188,734.60	109,455.20	9.21
2003	1,308,287.90	79,436.10	6.07
2004	1,321,580.70	93,767.90	7.10
2005	1,547,272.80	120,035.50	7.76
2006	1,842,600.00	151,723.50	8.2
2007		137,480	6.07
2008		210,000	13.00

Source: Central Bank of Nigeria Statistical Bulletin (2010)

EDUCATION TRUST FUND (ETF)

The Education Trust Fund (ETF) was established in 1993 to facilitate the execution of

projects aimed at improving the quality of education in Nigeria. In order to generate fund 2 percent Education tax on the assemble profit of all registered companies in Nigeria currently, the ETF is a major source of funding for the various institutions in the country particularly with the federal government directing the fund through a major policy that stipulates that it should assist universalities in the commencement, completion and rehabilitation of capital projects embarked upon by them. It is also currently the source of special intervention to develop the Nigerian Federal Universities into world class institutions by providing and upgrading the facilities for teaching, learning and research, and the development of the requisite human capital. It is the desire of the federal government that the selected universalities will improve their ranking after the implementation of the various projects (Bamiro and Adedeji 2010).

Table 2 below shows ETF allocation to the various higher education institutions in Nigeria from 2001 to 2006.

Table 2: ETF Allocations to HELs (₦ million)
(2001 – 2006)

YE AR	UNIVE RSITI ES	POLYT ECHNI CS	COLLE GES OF EDUC ATION	MONOT ECHNI C
20 01	1,794	968	1,116	345
20 02	3,244	1,643	1,743	448
20 03	1,441	635	679	290
20 04	1,516	61	740	285
20 05	2,025	1,658	1,259	348
20 06	45	1,122	1,240	649
To tal	10,064	6,085	6,776	2,365

Internally Generated Revenue (IGR)

The federal government of Nigeria compelled each university to generate at least 10 percent of its total revenue. It is in response of this that the universities have expanded the shape of their internally generated revenue to include: student fees/levies, grants, private sector contributions (e.g. Endowments, gifts and donations etc), commercial activities, consultancy and other diverse initiatives.

EFFECTS OF INADEQUATE FUNDING ON PERFORMANCE OF TERTIARY INSTITUTIONS

The problem of underfunding which is a major challenge confronting the Nigerian

University system has had adverse effects on the performance of the universities. Fasihul (2003) notes that the by-effects of dwindling finances in the Nigeria University system are explicated in many adaptive mechanisms such as:

- (i) Curtailing of laboratory/practical classes.
- (ii) Limited number of field trips.
- (iii) Reduction in the rate of attendance of academic conferences.
- (iv) Reduction in the purchase of library books, chemicals and basic laboratory equipment.
- (v) Embargo on new employment
- (vi) Embargo on study fellowships and
- (vii) Reduction in research grants away others.

Odebiyi and Aina (2007) maintain that the inadequate funding of universities and other tertiary institution has had adverse effects on teaching and research and the universities have been forced to embark on income generating projects in order to source for funds. This tends to be responsible for series of industrial actions embarked upon by the Academic Staff Union of Universities (ASUU). Poor funding also impacted on staff recruitment and staff development policy.

Bamiro and Adedeji (2010) indicated that the quality of teaching and research has fallen considerably because of lack of adequate teaching and research materials, coupled with over crowded uncondusive teaching and learning environment. They noted that the Nigerian government spends just 0.1 percent on research,

while federal universities spend only 1.3 percent of their budgets on research. This has implications for development, because research constitutes a veritable catalyst for the economic advancement of nations and adequate funding is the propeller for research.

The effects of inadequate funding are evident in the fact that the physical facilities in respective universities are in a state of disrepair, several capital and research projects have been abandoned, laboratories and libraries are ill equipped, academic staff do not attend conferences regularly and there is a drastic reduction in the award of research grants and fellowship. Although the National policy on education acknowledges the fact that adequate funding is a criterion for the success of any educational programme, Adeniyi (2008) however noted that there is a general reduction in efficiency and productivity of universities because of dearth of funds.

Yusuf (2010) added that the facility carrying capacity of the universities dropped from 78 percent in 1979 to 39 percent in 1999. The proportion of quality staff dropped from 91 percent in 1979 to 63 percent in 1999 and the factors that previously enhanced the performance of universities were negated.

IMPLICATIONS OF UNDER FUNDING TO UNIVERSITY GOAL ATTAINMENT IN NIGERIA

The goals and objectives of university education in Nigeria are clearly stipulated in the National Policy on Education (2004).

Nigerian universities are expected to contribute to national developments through relevant high level manpower training. It is evident that the Nigerian universities contribution in this regard varied according to field of endeavors. The universities have turned out administrators, lawyers, teachers, accountants and other humanly related experts. However, the universities are yet to graduate highly qualified, skilled and competent scientists, technologists and engineers that can transform the country to be part of developed countries. Most of the faculties of engineering and sciences cannot translate knowledge and ideas into tangible products. Laboratories are ill-equipped to facilitate the attainment of this goal.

Secondly, Nigerian universities are expected to develop and inculcate proper values for the survival of the individual and that of the society. Through programmes like the general studies courses and some moral education lessons and by organizing seminars/conferences, Nigerian universities hope to achieve this goal. However, with the increasing level of corruption, dishonesty and other forms of anti social behaviour among university graduates one wonders whether the Nigerian universities are living up to expectations.

The dearth of teaching and learning materials greatly limited the proper development of intellectual capability of individuals to understand and appreciate their local and external enrolments which Nigeria universities aim to achieve.

The goal of acquiring both physical and intellectual skills that will enable individuals to be self reliant and useful members of the society is

yet to be realized as many graduates practically lacked those skills required for them to be employed by corporate organizations. The unemployment rate is increasing every year in an alarming proportion.

In spite of limited grant for research and dearth of materials for research, many scholars manage to conduct researches in their various fields with a view to promoting scholarship and to serve the community.

THEORETICAL FRAME WORK

The issue of university underfunding in Nigeria is deeply rooted in the social, economic and political structures of the society as exemplified in the African political economy model. The model focuses on how political and economic forces shape the context within which Nigerian universities carry out their primary functions of teaching and research. It helps to explain the specific political, economic and social matrix of the present environment in Nigeria, whereby economic depression, political instability and cuts in government expenditure, all impact on the university system. The political economy model sees the different structures in the society, including the economic, political, social structures and the belief system as interacting and interdependent. Thus the university system which is also a sub-section is subjected to the influence of the super structure which is the economic system (Aina, 2007).

The Resource-Based model is adopted for this study as a strategy for sustaining financing of universities. This is because in Nigeria universities are weak in terms of budgeting,

determination of operational costs and revenue generation. There is therefore a need to develop a logical frame work that seeks to capture the major operations of the institutions and the resource flows to support them. The model creates the opportunity for all units in the university to be financially well structured and transparent. It enables them strive to achieve and maintain financial balance, while they are constantly aware of the resource implication of their performance and activities and prepare for associated challenges. The model is dynamic for determining over time, the quantum of resources that a university requires within a particular time frame and consciously strategize on the ways to raise such funding so that they become less subject to the vagaries of the fluctuations in the fortunes and resources of its owners and the operating environment (Bamiro and Adedeji, 2010).

The public goods theory is also appropriate for this research. The public goods theory as propounded by Samelson (1954) provides justification for large public expenditure in education. This is based on the assumption that it is only the government that can effectively provide education appropriately given externalities associated with it.

CONCLUSION

The various modes of funding federal universities in Nigeria were examined with a view to assessing their adequacy and effectiveness. The implications of underfunding on universities performance were identified and alternative modes of funding the system were proffered.

The study revealed that although the federal government provides about 90 percent of university funds, it has not been able to successfully finance the system due to economic, social and political depression. The slow development of universities occasioned by poor budgetary allocations over the years resulted to incessant strikes by ASUU, brain drain and general falling standard of education. The consequence is that goals of university education in Nigeria are yet to be achieved. Adequate funding is therefore suggested to be the ultimate panacea. There is need for universities in Nigeria to network and collaborate with the productive sector for income generation and for the development of measures needed for ensuring that tuition fee is introduced at all levels of study in the various federal universities. The study further recommends the introduction of a macro economic strategy where government needs to diversify to other sectors of the economy. There should also be partial deregulation of the education sector so as ensure the provision of additional resources for the universities.

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