

**EAST AFRICAN JOURNAL  
OF EDUCATIONAL RESEARCH  
AND POLICY**

**ISSN 1997-7255**

***Vol. 1 June 2007 & Vol. 2 June 2008***

UNIVERSITY OF IBADAN LIBRARY

## Funding the Nigerian University Education: The role of the various stakeholders

A.O.U. Onuka

*Institute of Education, University of Ibadan, Nigeria.*

### Abstract

*This paper addresses the issue of funding the education in Nigeria. The study sampled various stakeholders in the sector including parents, university management and administrators, students, academic staff, tax-payers, company executives to determine the level of funds available to the university system in Nigeria, to produce quality graduates and what could be done to ameliorate the shortfall. Percentages and chi-square statistics were used to analyse the data. Among the findings were that the current level of is insufficient, the burden of funding is almost solely on government and parents, most of whom live below poverty line, the corporate bodies are seemingly averse to funding education and would rather prefer to sponsor sports and other shows such as gambling that easily attract publicity. Also the present rot in the sector is largely due to lack of sufficient fund to finance education. Recommendations were made based these findings: corporate world in Nigeria, apart their contribution to the Education Task Fund, should invest in university education to ensure the production of quality graduates for their future employment. Government should provide more funds for higher education in order to address the current abysmal decadence in the system. Well-to-do individuals should endow these institution and fund researches as well.*

### Introduction

It is a commonplace knowledge that the education and some other sectors had suffer from inadequate funding. The higher education sub-sector, therefore, had suffered continuous decline in funding, when cognizance of the falling value of the naira is taken (Onuka, 2004a). Underfunding of education, more so at higher education level has become a recurring phenomenon. The polity, as almost everybody seems to agree that funds allocation to the sector can not meet the sectoral and sub-sectoral needs in view of monumental decadence in the education sector (Ezekwesili, 2006). Yet stakeholders in education appear not to know how to solve the problem which has led to

increasing decline in the quality of education in Nigeria. Okorocha (2004) observes that in the past education in Nigeria was very qualitative and it was also enviable due to its high standards. Hence, graduates of Nigerian universities were easily admitted to high profile universities in the United States and the United Kingdom. Bakkabulindi (2005) submits that poor funding of education in Uganda has led to deteriorations in that country's infrastructures and human capacity building. This development, therefore, confirming that inadequate funding of education tends to be an African phenomenon (ADEA Reports 2002 and 2004). Thereby, making African expenditure on education the least in the world if cognizance is taken of the fact that none of the African countries in Table 2 had spent up to UNESCO's mandatory minimum 26% of national annual budget on education.

Onuka (2004a) observes that there were too many regulatory agencies and parastatals with the attendant erosion of high quantum of funds and the resultant unnecessary bureaucracy that culminate in avoidable overhead. Therefore, the facilities are neither replaced nor maintained. These facilities are not expanded, in spite of the fact that enrolment increases by hundreds of thousands every succeeding year. He also observes that, the prescribed student/teacher ratio cannot be attained as inadequate funding has placed constraints on academic staff recruitment and development, as well as facility improvement and expansion. Yet, the situation can be ameliorated; the formula for funding university education suggested by (Obayan, 2006) is adopted. The formula among other things included: student/teacher ratio, directing teaching units, teaching support units, research, public service, library, teaching and research equipment, student services for making funds available to the universities. The formula gave allocation on the basis of size of these parameters enumerated by Obayan to each University. If the above-stated parameters (according to Obayan) are utilized in allocating to the universities the sector would no longer agitate for funding and brain drain would definitely be arrested. The following table depicts decline in the proportion of fund that is allocated to the entire education: Sector between 1990 and 2006.

**Table 1: Proportion of federal government budget allocated to education in Nigeria (1990 – 2006)**

Year	% of total budget allocated to education in Naira.
1990	5.3
1991	4.1
1992	6.3
1993	7.3
1994	14.9
1995	13.0
1996	10.8
1997	11.5
1998	9.6
1999	11.1
2000	10.1
2002	12.2
2004	10.5
2006	11.0

\*The proportion indicated is the mean for 2003 and 2005.

Source: Okoli (2006) p.6

From the table, it becomes obviously clear that there has never come close to the 26% minimum recommended by UNESCO. It is, thus, clear why educational institutions in Nigeria have been shut several times for almost two decades now. The abysmal nature of fund allocation to the sub-sector in comparison to some other countries on the African continent is vividly illustrated in the table below:

**Table 2: Comparative proportion of national budget allocated to education in some African countries in 1972 & 1988.**

Country	1972	1988
Botswana	10.1	18.1
Burkina Faso	20.6	14.0
Ethiopia	14.4	10.6
Ghana	20.1	25.7
Kenya	21.7	21.5
Malawi	15.8	10.0
Mauritius	13.5	12.7
Nigeria	4.5	2.8
Uganda	15.3	15.0
Zambia	19.0	8.3

Adapted from Okoli (2006) p. 6

From Table 2 Nigeria gave the least allocation to education both in absolute and relative terms if comparison is made among the listed nations (even though in terms of natural and human resources they

possess, Nigeria is the most endowed). It can therefore clear why there had been decline in the quality of education provision in Nigeria.

Onuka (2003) and Obayan (2006) see investment in education as an investment in capital investment which creates the basic tool for national development because human capital is the greatest source of national wealth. This is because it is the human capital that creates the wealth of any nation. Certainly the more educated a person is the more he positioned to create greater quantum of wealth for the nation. Thus, funds that provide the basis for wealth creation must be made available to the institutions that develop human capital. However, it has become clear that funding of public universities is inadequate to meet all their needs, in spite of the fact that both government and parents are co-funding university education. Though the latter's involvement in funding the education of their wards has increased, the phenomena of inadequate still persists.

Obayan (2006) believes that providing quality education for the citizenry is a must, yet there can be quality education without adequate funding. He further states that it seems impossible to determine the pattern of fund allocation, thus, confirming the finding of Onuka (2004a) that even government's officials are unable to ascertain the actual amount of funds they allocate to universities. At a point, during agitation for better funding by the Academic Staff Union of Universities (ASUU), both the National Universities Commission (NUC) and Federal Ministry of Education released some figures on how much the government had given to Federal universities. The one released by the Federal Ministry of Education contradicted that of the NUC, its own agency. Theirs also contradicted the figures released by the NUC (Onuka, 2004).

Obayan states clearly the formula for allocating fund to universities which was based on certain agreed criteria, among which are: academic staff/student (which varies according to disciplines), academic staff/senior administrative staff of 3:1, academic staff/technical staff ratio of 3 or 4:1 in the science-based disciplines, capital development etc. Obviously, this formula has not been followed in allocation otherwise the situation would have been different from what now obtains in the Nigerian Federal universities. There are several sources that can be explored to provide fund for the sector, how much of these had been used in funding public institutions in Nigeria? Thus, this study investigated the role of the stakeholders in terms of contribution to funding Nigerian public universities the adequacy of the funds available to Nigerian public universities are as

well as proffer alternative ways of adequately meeting the funding needs of the universities.

### Research Questions

The study was guided by four research questions:

1. What is the current level of each source of funds available to the Nigerian universities?
2. What should be the proportion of the contribution of the various stakeholders to funding the Nigerian universities?
3. How adequate is the current level of contribution of various stakeholders to funds available to the Nigerian universities?
4. How can the funding needs of the universities be met?

### Research Methodology

The study employed the survey research proposal.

#### Sample and Sampling procedure:

Two-stage sampling procedure involving clustering into the following sampling sub-sets was adopted: Parents, corporate bodies, lecturers, university administrators and students and they were chosen from four public universities in Nigeria namely: University of Ibadan, Ilorin, Olabisi Onabanjo and Kogi state universities. The sample sub-sets were then purposively selected as follows: 100 parents, 400 students, 50 people from the Business world (Banks, Telecom, and Manufacturing), 50 administrative/finance personnel, and 100 lecturers. This gives a total of 700 subjects.

#### Instrumentation

Two instruments (a rating scale and checklist) were developed and validated by the researcher namely: Relative level contribution of fund by stakeholders to the university scale (RFLUS) and Suggested relative alternative sources of funding university checklist (RSASFUC) was considered valid content wise by management and evaluation experts.

The two instruments were subjected to pilot testing on a sample of 30 subjects similar to actual sample used in the study, in order to verify the level of its validity. Using test-retest, the following psychometric property was obtained 0.77 as reliability co-efficient. Validity co-efficient of 0.73 was obtained for RFLUS utilizing Cronbach alpha statistic. The process pruned down the total number of items on the instrument from 20 to 15. The third instrument was a checklist on the use of fund from the lists of uses of fund in higher education given

by Obayan (2006). It contained 15 items. Evaluation and management experts attested to the content validity of the instrument. Records were obtained and analysed.

### Data collection and analysis

The researcher was assisted by three research assistants in administering the instruments on the subjects. Records were also collected relevant data computed from them. The resulting data were collated, coded and analyzed using percentages, and chi-square statistics.

### Results and Discussion

**Table 3: Relative Sources of Fund available to the Nigerian universities by percentage- stakeholders' view.**

Sources of fund	%
Government subvention	91
Tuition fees	Nil
Endowments	0.1%
Development levies	4.6%
Bonds	Nil
Loans	0.4
Return on investments	1.4
Debentures	0.0
Stocks and shares	0.7
Miscellaneous	0.8
External aids and grants	0.2
Consultancy services	0.3
Sales of products (internal)	Nil
Use of university facilities	0.3
The corporate world	0.2
Others	Nil
<b>Total</b>	<b>100.0</b>

The above table depicts the how the stakeholders perceive the sources from which the universities get their fund/revenue. It reveals that in the real sense of funding government is almost entirely the only source. In fact in most of the institutions, government is the only source of funding university education in Nigeria, Whatever else is got is by the way, not a regular source and so not dependable. In the analysis, it is discovered that government is responsible for as much as 91% of funds available to the Nigerian public university. The remaining 9% is shared among at least ten other sources which are often termed internally generated revenue implying that it is sourced through the efforts of the universities.

Government being the main source of funding university education in Nigeria cannot shy away from carrying on with adequately funding university education, if it would improve the quality of provision of education at that level. Adequate fund for the university education system in Nigeria has often culminated in frequent agitation for improved funding by the various unions particularly the Academic Staff Union of Universities (Onuka, 2004a). The situation has frequently resulted in incessant strike actions, some of which lasted for months leading to the loss of man-hours and prolonged stay at home by students. Inadequate funding of Nigerian public university education was confirmed by the Vice-Chancellor, University of Abuja, Nigeria, Professor Nuhu Omeiza Yaquib, visited the President, Umaru Yar'adua Nigerian Senate, on August 8, 2007, as he stated that the university lacks new necessary facilities.

**Table 4: Percentage use of fund in Nigerian public universities**

Use of fund	% Expected	% Actual
General university	100	93
General academic expenditure	100	51
Central Administration	100	70

Actual income: 71%

This table presents the major uses to which funds are put in a typical Nigerian university. Here, there appears to be only three expenditure sub-heads viz: General university expenditure, general academic expenditure, and central administration expenditure. So what happens to capital expenditure? The available fund to the university here is at least 29% short of the target budget.

The revelation by this finding is that funds available in the Nigerian universities are insufficient to meet all their needs, so the universities are, therefore, constrained to certain aspects of expenditure that appear to them to need urgent attention. This finding conforms to the assertion of the Association for the Development of Education in Africa [ADEA] (2002) and (2004) that funding of education in Sub-Saharan Africa had declined over the years and those of Ezekwesili and Yaquib (2007) that lack of funds impede the development of the education sub-sector and provision of the requisite facilities respectively. Essentially as a result dilapidation sets in, such that available facilities though, insufficient, depreciate fast, for over-use. The implication, therefore, is the need to increase funding the system, if the current systemic rot is to be arrested.

**Table 5: Source of funds available to a Nigerian public university in a typical year**

Source of income	Expected	%
Government	5, 287, 408, 012.00	94
Internally generated revenue	337, 150, 000.00	6
<b>Total</b>	<b>5,624,558,012.00</b>	<b>100</b>

Table 5 presents the main sources of fund to universities as essentially two. It also shows that the government which contributes 94% is the fund provider for the Nigerian public university. Internally generated fund comes from sundry sources such as endowments, return on investment (ROI), and development and hostel fees among others. All these sundry sources constitute a meagre 6% of the entire revenue available to the system.

The finding presented above merely confirms that the government is the sole provider of fund for the Nigerian university and thus cannot abdicate its duties if it is really serious with developing human capital for National development (Onuka, 2004 a&b). It, however, contradicts the opinion of Obayan (2006) that the practice in some parts of the world is basically the responsibility of all stakeholders to contribute substantially to funding university education. The implication as revealed here is that efforts should be made by government, first, to increase its level funding the Nigerian university education system and secondly to sensitise the stakeholders on their responsibility. Then convene a forum to discuss modality of funding university education by various stakeholders. The university is shown here not to have generated much from research, thus it must device a method to increase research efforts and thus generate more money to meet urgent needs.

**Table 6 Chi-square table showing how stakeholders view the adequacy of funds available for use in the universities**

Group of Respondents	X2 Obs.	X2 Critical	P-level (0.05)	Crammers' V
Parents	127.6	32.41	0.05	0.45
Students	334.01	37.03	0.05	0.46
Academics	45.7	31.4	0.05	0.42
Non- Academics	235.4	34.1	0.05	0.36
The corporate world	74.12	32.41	0.05	0.38

- Crammers' V depicts the percentage (the relative magnitude) of the stakeholders' perception of the adequacy of funds. The results in this table (45%, 46%, 42%, 36% and 38%) as seen by the various

stakeholders as being the level of available funds to the Nigerian public university show that significant difference exists between the expected income and the actual income.

In the view of the various stakeholders the actual income of the universities fell short their expectation. Thus, it is obvious that government is not adequately funding the university in Nigeria, hence the noticeable high level of rot in the system. However, equally certain is that the various stakeholders, perhaps, besides the academic and non-academic staff who might be contributing their quota in terms of sacrifices they made in order to sustain the system, are contributing little or next to nothing regarding funds to the sub-sector. Only the parents can be said to be contributing some quotas because they pay a token fee, feed their wards, house them and perhaps buy books for them.

The reason for this short fall is that there too many parastatals and regulatory agencies in the sector, which take a large chunk of what have been used for running the system as overhead costs. Also the non-existence of any particular subsisting formula for allocating funds to the university is another reason why there is shortfall in funding the university system (Onuka, 2004a), which contradicts the suggestion of (Obayan, 2006) that only manageable number of parastatals in the sector in order to save money to run the universities effectively and efficiently. Therefore, there is the need to re-evaluate the relevance of these and accordingly ensure that necessary adjustments are made. Implied, thus, is that the various stakeholders should play their roles in funding the Nigerian university education, in order as (Bakkabulindi, 2005) puts it to redeem the industry from imminent collapse. The sector is currently witnessing brain drain and dilapidation of infrastructures and facilities as consequences of inadequate funding.

**Table 7: Suggested alternative sources**

Suggested alternative sources of funding	%
Increased government subvention	100
Increased philanthropic gestures	65
More endowments	43
Re-introduction of moderate tuition	34
More investments	23
Development and sundry fees	12
Provision of research and invention (patent)	76
Soliciting funds/fund raising	57
Revenue from increased public services by universities	42
Mounting of specialist training programmes	27

Improved alumni contribution	32
Involvement by the business world	82
Improve consultancy services	50
More investments by the universities /hiring out of facilities	12

This table shows the suggested contribution by stakeholders by the respondents in the study. All the respondents agreed that government subvention be increased; 82% opined that the corporate world should be thoroughly involved; 76% wanted universities to increase research and invention activities; 57% observed universities should improve on fund raising activities, 50% suggested improved consultancy services 42%, submitted that the universities could offer special public services for fee. Another 43% wanted more endowments being made to the Nigerian universities 65% would like philanthropists to give more and that more people should donate generously to the universities; 2% felt use of bonds could be used to boost the funds available to the Nigerian universities. 12% wanted universities to get more involved in investment. Others include reintroduction of moderate tuition fees (34%), more capital investments (23%), development and sundry fees (12%), mounting of specialist training programmes (27) and improved alumni contribution (32%).

The analysis above clearly shows that the stakeholders believe that government alone cannot bear the burden of funding education, thus suggesting the active and substantial participation of other stakeholders in funding university education in Nigeria. This confirms an earlier position of Onuka (2004a) that the government should be the main source of funding education. However, it is equally obvious from the result presented above that the government should continue to fund university education as a fulfillment of its social responsibility to the citizenry and as investment in social capital for human capacity building for whom development takes place and who is the instrument of development (Onuka, 2004b). It further shows that the Nigerian people had become so much used to government largesse that most would want to continue with *status quo ante* that they won't want to spend anything on education. However, most of the respondents are averse to public universities using any form of instrument of debt to fund the institutions possibly to avert a situation that may in the future strangle them because of the high level of indebtedness that they may have accrued then. Yet, it is pertinent that the respondents believe that the universities embark on more research and developing new products and services, provide corporate rather than individualized consultancy services and provision of services for fee as well as

embark on investments which would yield returns while the Nigerian corporate world should contribute substantially to funding the universities. They believe that by so doing the funding situation in the Nigerian universities would improve tremendously.

### **Conclusion**

By the revelation from the findings and discussion above, it can be inferred that the Nigerian public universities have suffered deprivation and inadequate funding, resulting in decadence. Other stakeholders in the industry, apart from government, currently play little role in funding of university education. So government becomes grossly inadequate to keep the sector afloat. Unless something is done urgently to rescue the situation, it portends danger to the future. It becomes absolutely necessary for stakeholders to sit together, re-evaluate the funding system of the Nigerian public university system and take appropriate decision to revamp the sector.

### **Recommendation**

Based on the findings of this study, the under-listed recommendations are hereby made:

- i. That the government at the federal and state levels should urgently increase their subventions to their various universities.
- ii. Parents should be prepared to pay a little more as part of their contribution to arresting the decadence in the sector.
- iii. Rather than do promo where car and cash prizes are given to selected few, the corporate world in Nigeria, should invest such in education particularly in the university education as a matter of policy.
- iv. All working adult in the economy should pay pro rata education tax to be remitted to the universities for adequate funding to prevent further systemic decay in these institutions.
- v. Nigerian universities should intensify consultancy and research activities so as to earn some more revenue.
- vi. Nigerian universities should provide more consultancy services to public for fee and thus improve their revenue base.
- vii. Moderate tuition fee should be charged in public universities in Nigeria.
- viii. Universities should increase their investment in the capital market and in other revenue yielding project such as property ownership to supplement whatever comes from the government as well as intensify their efforts in raising funds from sundry sources including their Alumni Associations.

## References

- Association for the Development of Education in Africa [ADEA] (2002). Distance education and open learning in Sub – Saharan Africa - A literature survey on policy and practice sponsored by The Commonwealth of Learning April 2002 Final Report.
- Association for the Development of Education in Africa [ADEA] (2004). Distance education and open learning in Sub – Saharan Africa: criteria and conditions for quality and critical success factor. Working group on distance education and open learning- A survey of policy and practice. Final Report. January 2004.
- Bakkabulindi, F.E.K (2005). *Financing higher education in Uganda*. In Alani, R.A. (ed.) *Managing the Education system-A Book in Honour of Prof. O.E.M. Fagbamiye*. Ilesa: Triumph-providential Publishers.
- Ezekwesili, O. (2006). "Lack of fund is the bane of the Nigerian education system" 9 O' clock NTA Network News October 27, 2006.
- Obayan, F.O.B. (2006). *Educational financing: Principles, trends & strategies*. Ilorin: ACEMDEV Publications.
- Okoli, E.C. (2006). Funding tertiary education in Nigeria: The perspective of national emergency. A paper presented at the 2006 Conference of the National Association of Educational Administration and Planning. Enugu State University October 4-6, October, 2006.
- Okorocho, C.C. (2004). "The role of education and educators in nation building"- Presidential address & Bishop's charge. Owerri: Anglican Diocese of Owerri.
- Onuka, A.O.U (2003). Implementation of universal basic education in Nigeria: A proposal for funding. In *Nigerian Journal of Educational Research and Evaluation*
- Onuka, A.O.U. (2004a). Analysis of funding pattern of federal universities in Nigeria (1992-2002). A paper presented at the 1<sup>st</sup> National Conference of the Institute of Education, Olabisi Onabanjo University, Ago-Iwoye, Nigeria.
- Onuka, A. (2004b). Management manpower development: A vehicle for national Development. PEFS Monograph New Series No 9. University of Ibadan, Nigeria.
- Yaqub, N.O. (2007). "University of Abuja, lacks necessary facilities". NTA News Extra.