

## **Government Expenditure: A Major Determinant Tools on the Management of Tertiary Education in Nigeria.**

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**Abstract:** *This paper examines. It looked at the concept of education and education system, concept and overview of tertiary institution. It also highlighted financing higher education and government expenditure in education budgetary allocation to education sector (2010-2017). It gave an insight on the effect of inadequate budgetary allocation to universities, cost control and management of funding allocation in Nigerian universities, way forward suggested as recommendation. It however concluded that government should improve on adequate funding, upward review of pay package of workers, and grant full autonomy to tertiary institution for the management in Nigeria.*

**Keywords:** *Government, Expenditure, Management, Tertiary, Education*

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### **I. Introduction**

Education in Nigeria is a shared responsibility and amongst the three tiers of government that is, the federal, state and local government. All tiers are jointly responsible for the provision of primary, secondary, and tertiary education across the thirty-six states of the country. The federal government allocates revenue based on the federal revenue sharing policies to state and local government. The revenue sharing allocation is distributed as 52.68 per cent to the federal government, 26.72 per cent to the states and 20.60 per cent to local governments. The states and local government are expected to allocate four per cent of their quota towards the financing of primary and secondary education (Ekundayo&Ajayi, 2016).

Moreover, the management of university education can be looked at two dimensions, the external and the internal levels. At the external levels, it is controlled by the federal government through the National Universities Commission (NUC), a body charged with the coordination of university management in the country. According to Ibukun (2015), "The main objective of the NUC is to ensure the orderly development of university education in Nigeria, to maintain its high standard and to ensure its adequate funding etc." On the other hand, the internal management of each university is represented by a simple organogram. The first is the visitor who is usually the head of state or the head of government that established it. (Adegbite, 2014) the second is the chancellor, who is the titular head of university, who by law, in relation to the university takes precedence before all other members of the university. Next which at the apex of management structure within each university is the Governing Council headed by the chairman (Pro-Chancellor) with the administrative functions in the area of goal setting, policy formulations, among others. Ibukun, (2015) stated that the main organ regulating the internal academic activities of the universities is the senate headed by the Vice-Chancellor and the Registrar as the secretary. The senate regulates the academic activities of the university following the general guideline provided by the NUC.

### **Concept of Education and Education System in Nigeria**

Education is a way of imparting or possessing general knowledge, developing the power of reasoning and judgment and to prepare oneself or others intellectually, psychologically and socially for a mature and responsible lifestyle.

Education is very important for sustaining and developing the people. With education, people are able to endure, mature and acquire experience, wisdom and capability to fend for themselves as well as serve their communities and nation (Ajibola 2016). He further stated that education is both an instrument of stability and of change, a tool for inculcating moral values in the citizen.

The role of education in human development cannot be over emphasized. It has been described as an important tool in any human society, which makes man to develop faster than other creatures. Education is the bedrock of all human sectors, political, medical, agricultural, security, etc. (Idogho&Imonike 2016). Education

in Nigeria is directed towards self- realization, better human relationship, and individual and national efficiency, effective citizenship, National consciousness, and national unity, social, cultural, economic, political, scientific and technological progress (FGN 2014).

Education in Nigeria is generally stratified into three sectors, which are basic, post basic/ senior secondary and tertiary education (FGN 2014). According to Omojomite (2015), the education sector in Nigeria has passed through two phases of development: The phase of rapid expansion in the growth of the sector (1950-1980) and second phase of rapid decline in the sector in terms of growth (1981-2009). A look at the trend of event indicates that the situation still remain the same with the later period till date. (Obi & Obi, 2014).

### **Concept and overview of tertiary institutions in Nigeria**

According to National Policy on Education (FGN 2014), Tertiary institution are established to meet the nation needs for socio- economic development through sharing, research and development. Tertiary education system in Nigeria is composed of universities, polytechnics, institutions of technology and colleges of education that form part of or are affiliated to universities and professional specialized institutions (Jones, 2014)

The universities can be further categorized as state or federal universities and as first, second, or third generation universities (Ogbanje, Okwu, & Onah, 2014). Federal universities are owned and funded by the Federal Government while state universities are owned and financed by the state (There are 36 states). Tertiary education in Nigeria can be further divided into public or private and the university and non- university sectors. Public university owned by the Federal and States Government, Dominate the higher education system. The non-university sector is composed of polytechnics, institutions of technology, colleges of education, and professional institutions, Most of them operating under parent ministry. There is no share distinction between the universities and the non- universities sectors, most of the institutions in the later sectors are affiliated with universities (Omopupa & Abdulraheem 2014).

Furthermore, the universities college Ibadan (UCI), which was the first and only university in Nigeria throughout West Africa was established in 1948 had no facilities of engineering, law, and technology (Omojomite, 2015). Later some other universities were established after independence of 1960. The first Nigeria University was established in 1960 University of Nigeria, Nsukka, others are university of Ife, Ile-Ife, (1961), University of Lagos, (1962), Ahmadu Bello University, Zaria, (1962) and university of Benin, Benin City, (1970). This universities were established and funded by the post-independence regional government. In 1975, the military government took over the regional universities and also extended grants in aid to state owned polytechnics. More universities and college of technology (poly-technics) were established “between” (1975-1980) and up to this moment.

In establishing the new educational institutions, sound investment criteria were not followed, instead the need to have regional balanced, ethnicity, nepotism, and opportunity for personal gains were the determining agenda.

### **FINANCING HIGHER EDUCATION AND GOVERNMENT EXPENDITURE ON EDUCATION IN NIGERIA**

Funding of education in Nigeria involves the federal, state, and local government appropriation and releases as capital and recurrent expenditure for the education sectors. It also includes Education Trust Fund (ETF), Donor Agencies, Interventions as well as Scholarship awards by federal, state and local governments: National Bureau of Statistics, (2015). The bulk of financing of all federal universities are received from the federal government through the NUC (Omojomite, 2015). The budgetary process and expenditure have to adhere to budgeting and expenditure formulae stipulated by the National Universities Commission as follows: 60 per cent for total academic expenditures, 39 per cent for administrative support and 1 per cent for pension and benefit (Omojomite, 2015). It is mandatory for all federal universities to generate 10 per cent of their total yearly funds internally through various revenue diversification means (Okojie, 2017).

The Education Tax Degree NO. 7 of 1993 stipulates the payment of 2 per cent of assessable profits of limited liability companies registered in Nigeria as an education tax to be disbursed according to the ratio of 50:40:10 to higher primary and secondary education respectively. The shares of higher education is further allocated to the universities, polytechnic and colleges of education in the ratio 2:1 respectively (Ajayi & Ekundayo, 2016).

It is widely accepted that education creates improved citizens and helps to upgrade the general standard of living in the society. Therefore, positive social change is likely to be associated with the production of qualitative citizenry. It would seem to follow naturally that if more individuals are educated, the wealth of the nation would rise, since more education attracts higher wages and aggregately higher national income. And if there are positive externalities of education, national income would increase by even more than the sum of the individual benefits (Agunbiade, 2016).

This increasing faith in education as an agent of change in many developing countries in including Nigeria has led to a heavy investment in it, and thus delegation of manpower development to the schools. The pressure for higher education and even school education in many developing countries has undoubtedly been helped by public perception of financial reward from pursuing such education. Generally, this goes with the belief that expanding education promotes economic growth (Ajayi&Ayodele, 2014).

The need for increasing public expenditure could be found in various theories of public expenditure. The theories of Wagner, Musgrave theory of increasing state activities, the Keynesian theory of deficit financing (Ekundayo&Ajayi, 2014), all emphasized the need for government spending to enhanced economic welfare through its spending in the provision of public goods.

According to Keynesians views, government could reverse economic downturns by borrowing money from the private sector and then returning the money to the private sector through various spending programs. (Ajayi&Ekundayo, 2014). High levels of government consumption are likely to increase empowerment, profitability and investment via multiplier effects on aggregate demand. Thus, government expenditure even of a recurrent nature, can contribute positively to economic growth (Famurewa, 2014). Education is one of the important area where governments in both developed and developing economies direct its resources.

The belief is that the result from education expenditure will go long way in transforming human, social, economic cultural and other aspects of the people lives.

### **Budgetary Allocation to Education Sector**

Year	2010	2011	2012	2013	2014	2015	2016	2017
Budgetary allocation to education sector (In-Billion Naira)	249.09	306.30	400.15	426.53	493.00	492.34	367.73	448.01
Total Budget Figures (In-trillion Naira)	4.079	4.484	4.877	4.697	4.642	4.454	6.070	7.298
Percentage of Allocation with total Budget	6.10%	6.83%	8.20%	9.08%	10.62%	11.05%	6.05%	6.13%
Percentage Increase/ decrease in Allocation	—	18.6%	23.4%	6.2%	13.5%	-0.13%	-33.9%	17.9%

Source: Data from Ministry of Finance, Nigeria 2017.

The table above shows that Nigeria has not spent more than eleven per cent of its annual budget on education against the recommendation of 30% of annual budget on education by UNESCO. The trend is worse in 2016 with just 6.05% of its budget allocation to the education sector and 33.9% decline in allocation from the previous year. The allocation is not much different with 2017 with only 6.13% of the annual budget for education. ASUU embarked on a six months strike to demand better finding for universities in Nigeria (Adekunle, 2013). However, it is regrettable that even after that the budgetary allocation to education remained abysmally low at 9.0% and 10.6% in the preceding year. The university system is still characterized by poor laboratories, poor and inadequate residential and lecture halls, poor security and healthcare for students and staff alike.

To underscore the despicable situation, no Nigeria University is ranked among the top 10 universities in Africa or among the top 800 universities in the world universities raking (Premium Times Budget, 2017). Due to these degradations in the sector, Nigerian Government has been urged to strive to for a minimum of 30% of its annual budget on education as recommended by UNESCO to shore up for the inadequacies (Guardians News, 2015).

As it has been found that virtually all the problems of universities in Nigeria are attributable to inadequate funding (Ajayi&Adeniyi, 2015). As Okebukola (2016) rightly observed, the depressed quality of education in Nigeria has been explained in part by the inadequate funding of the system.

Hence, the budget is a financial plan, expressed in a quantitative term and used in controlling government finances for a specified period of time, usually a year (Salawu, 2015). However, in the National Budget, Social Services (Under which Education falls) have consistently received poor budgetary allocations when compared with other sectors. A look at Nigeria's annual budgetary allocation and expenditure shows that the federal government of Nigeria (FGN) has not been committing a proportion of her financial resources to the growth of the economic social and community services (FGN, 2014).

The growth rate of Nigeria's annual budgetary allocation to education shows fluctuating trends as the rate of education increases and decreases at different interval. This is not good enough because the ratio of total budget allocation to education to total annual budget is a measure of relative degree of priority of government education (FGN, 2014).

### **Effects of Inadequate Budgetary Allocation to Universities**

Imhabekhal and Tanwe (2014) reported that the federal government provide for over 80 per cent of all the funds needed for capital and recurrent expenditures in the tertiary institutions in Nigeria. The federal

government of Nigeria is increasingly finding it difficult to meet the high cost of funding tertiary education in Nigeria most especially federal universities.

According to Udoh (2014), the government finds it increasingly difficult to match the growing enrolment of students with qualitative funding due to drastic reduction in revenue and economic despondency experienced in the country.

Okojie (2017) admitted that most federally controlled universities administrations 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 Okojie (2017) 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. Oyeneke (2016), affirmed that making qualitative education available to all citizens is a right but there can't be quality education without adequate funding. He further stated that in Nigeria, it is difficult to ascertain the pattern of fund allocation.

Ekundayo (2014) posited that most of the capital projects being undertaken to meet the increasing number of students have been abandoned due to lack of funds. He also affirmed that the pressure on the inadequate resources has led to a decline on the staff welfare package and remuneration coupled with depreciation of working conditions and environment. The result effects are high brain drain of professional staff, persistent strike action, noting high crime rate, and cultism, extortion of students, admission runs, embezzlement and all sorts of vices. According to Imhabekhal&Tonwe (2014), inadequate funding deters growth in the tertiary institutions.

### **Cost Control and Management of Fund Allocations in Nigerian Universities**

Pressure to control cost among higher institutions in Nigeria is far below expectations, however, barriers to effective cost control abound. The fees in public institutions apparently appear to be less than private institutions except for few state universities in Nigeria. The cost of higher education in Nigeria has relatively gone high due primarily to organizational culture and market forces in the higher institutions. Courses are generally oversubscribed with high pressure for a few majors often regarded as "more selling disciplines" perhaps "good courses", higher institutions usually have a target quality with regards to resources acquired rather than result achieved (Gaskin, 2014, Loveth, 2015).

According to the N.U.C (2017), no institution in Nigeria can survive without interventions from the government. With the deplorable state of the economy in Nigeria that is highly dependent on oil and the dwindling oil prices in international market, many government institutions are struggling to even pay workers' salaries, a number of them owed staff salary for quite a number of months not to mention rebuilding the dilapidated academic infrastructures and other infrastructural investments (Bako, 2014).

In addition, internal control techniques could be adopted in managing government grants and allocations through monthly or quarterly electronic filling of reimbursement report of allocations to ensure probity and judicious use of resources. A grant writer can also be hired to pursue grants for institutions via government and non-government organizations (NGOS) partners, alumni associations and so on. Also, setting up of funds balance management policy that ensures increment in funds balance at certain determinable minimum and having a regular fund balance projection for replenishment (Algbokhan, 2015).

Another area of concern is asset and risk management. Cash flow forecast establishment or diversification of internally generated revenue centers, investment selection based on cash flow projections prioritizing investment based on rate of interest and subsequent return are veritable areas of cost savings and revenue sources. Implementing insurance schemes to cater for indemnities in the case of eventuality and employee claims including work related claims in the form of hazards and a consistent review of such claims and addressing high claim areas with attendant cost reduction measures. (Ajibola, 2016). A common impediment to cost control among universities in Nigeria is poor cost information and mal-administration poor attitude to accountability, most times in Public services accountability is seen to mean "witch-hunting", record system is also very poor. There is lack of a general consensus on cost control mechanism in public institutions, management reports most often focuses on travels, salaries, trainings and research in a few cases ignoring direct costs.

Zemsky and Massy (2015) averred that academic administration is pervaded by consensus management that result in inefficiencies in decision making process of the institutions administration. This is because public institutions are labor intensive organization find it difficult to record productivity which in turn exposes institutions to a rage of benefit costs.

## **II. Recommendations**

Based on the significance of Government Expenditure: A Major Determinant Tools on the Management of Tertiary Education in Nigeria, the following are suggested as recommendations;

- Government should on adequate funding to enhance the management of tertiary institution in Nigeria.

- They should be upward review of pay package so as to improve the welfare of lectures for better performance.
- The government should grant full autonomy to varsity for the management of tertiary education in Nigeria.
- The government should enough facilities in terms of building more lecture room for the university.
- The state and federal government should ensure that payment of salary are done regularly and prompt for effective performance.
- Diversion and corruption in the tertiary education should be stop through the government monitoring agency in the education.

### III. Conclusion

The paper concludes that adequate funding, upward review of package and granting of autonomy varsity, planning significant roles in the management of tertiary education in Nigeria and in turn enhances students' academic achievement.

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