

University Education Finance and Cost Sharing in Nigeria: Considerations for Policy Direction

¹Maruff A. Oladejo, ²Gbolagade M. Olowo, & ³Tajudeen A. Azees

¹Department of Educational Management,
University of Lagos, Akoka,

²Department of Educational Foundations,
Federal College of Education (Sp), Oyo

³Department of Curriculum & Instructions,
Emmanuel Alayande College of Education, Oyo

Abstract

Higher education in general and university education in particular is an educational investment which brings with it, economic returns both for individuals and society. Hence, its proper funding towards the attainment of its lofty goals should be the collective responsibility of every stakeholders. This paper therefore discussed university education finance and cost sharing in Nigeria. The concepts of higher education and higher education finance were examined, followed by the philosophical and the perspectives of university education in Nigeria. The initiative of private funding of education vis-à-vis Tertiary Education Trust Fund (Tetfund) was brought to the fore. The paper further examined cost structure and sharing in Nigerian university system. It specifically described cost sharing as a shift in the burden of higher education costs from being borne exclusively or predominately by government, or taxpayers, to being shared with parents and students. Findings showed that Tetfund does not really provide for students directly. As regards students in private universities in Nigeria, and that private sector has never been involved in funding private universities. It was recommended among others that there is the need to re-engineer policies that will ensure effective financial accountability to prevent fiscal failure in Nigerian higher educational institutions, as well as policies which will ensure more effective community and individual participation such that government will be able to relinquish responsibility for maintaining large parts of the education system.

Introduction

Higher education has become an important economic asset in the global knowledge economy. Higher education in general and university education in particular is an educational investment which brings with it, economic returns both for individuals and society. This might be the reason why it has always been given top priority in the public agenda. There has also been an unprecedented demand for higher education globally. For instance, Cheung (2005) observed that there has been an increase global demand for higher education particularly in developing countries. However, the maintenance of public funding levels for higher education has been a challenge for many countries (Harnett, 2000). In view of this, the problems and issues of higher education funding must be constantly addressed. This is because higher education is a catalyst for economic growth.

Higher education in the last twenty years has experienced a momentous transformation worldwide. Technological innovation as well as globalisation has considerably changed the structure and finance of educational systems of all countries in search of the benefits from the global economy (Hahn, 2007). Thus, higher education has become an important economic asset in the global knowledge economy. Improved expenditures on higher education are vital aspect of economic development strategy for countries at the heart of the global economy.

Higher Education and Higher Education Finance Defined

Higher education, otherwise known as tertiary education, is an optional last stage of formal learning that takes place at universities, polytechnics, colleges of education, and institutes of technology after secondary education. As regards the definition of higher education finance, Oguntoye (as cited in Ajayi & Alani, 1996) opined that education finance is the process of the procurement and the disbursement of financial resources for the provision of education of a given standard stipulated by a society. Higher education finance by implication refers to the process by which tax

revenues and other resources are derived for the establishment and operation of higher educational institutions as well as the process by which these resources are allocated to institutions in different geographical areas (Ogbonnaya, 2000). Thus, higher education finance has to do with the means of sourcing for, and spending on higher education so as to achieve the goals of higher education.

University Education in Nigeria: A Philosophical Perspective

The Federal Government of Nigeria (2013) in Sections 86 - 91 of the National Policy on Education (NPE) discussed the place of university education within the tertiary sector when it declared that:

- 86 University education shall make maximum contribution to national development by:
- a. intensifying and diversifying its programmes for the development of high level manpower within the context of national needs
 - b. making professional course contents reflect our national requirements
 - c. making all students part of a general programme of all-round improvement in university education, to offer general study courses such as history of ideas, philosophy of knowledge, nationalism, and Information Technology (IT), and
 - d. making entrepreneurial skills acquisition a requirement for all Nigerian universities
- 87 University research shall be relevant to the nation's developmental goals. Particular attention shall be paid to research and promotion of indigenous knowledge. In this regard, universities shall be encouraged to collaborate with government, industries, and global community in the conduct of research and disseminate the results.
- 88 University teaching shall seek to inculcate community spirit in the students through projects and action researches
- 89 Voluntary agencies, individuals, and groups shall be encouraged to establish universities provided they follow the minimum standards laid down by the Federal government
- 90 a. Technologically-based professional courses shall include, as components, exposure to relevant future working environment

- b. It is imperative that teachers in professional fields have relevant professional and industrial experience and exposure.
- 91 a. A sizeable proportion of the expenditure on university education shall be devoted to Science and Technology
- b. Not less than 60% places shall be allocated to science and science-oriented courses in conventional universities and not less than 80% in universities of technology and agriculture

Development of Public University Education in Nigeria

The establishment of Yaba College of Technology in 1932 marked the commencement of higher education in Nigeria. Further agitations by Nigerians for a more comprehensive higher education provision paved the way for the constitution of Asquith and Elliot Commissions on Higher Education whose reports in 1943 led to the establishment of universities in Nigeria. As a result of the report, in 1948, the University College, Ibadan, was established as a College of the metropolitan University of London. This institution continued as the only University Institution in Nigeria until 1960. The University College became independent of London University in 1962, and thus became a full-fledged University known as University of Ibadan (UI)

In 1960, the University of Nigeria, Nsukka, was established in the then Eastern Region. In the then Western Region, the Obafemi Awolowo University, Ile-Ife, (formerly, the University of Ife) was established in 1961; and Ahmadu Bello University, Zaria was established in the then Northern Region in 1962. Also, in 1962, the University of Lagos came into existence. In the same year, the University College Ibadan was transformed into a substantive university. Thus, the University of Ibadan, Ibadan and the University of Lagos became the first two federal universities in Nigeria while the other three were regional.

In 1970, the then newly created Bendel State established a university known as University of Benin. The six universities established during this period 1960-1970 are

referred to as first generation universities. In 1975, all the 6 universities mentioned earlier became federal universities while seven new ones were in existence by 1977 to reflect the nineteen-state structure of Nigeria as at 1976. These second generation universities, as they were referred to are the University of Calabar (1975); the University of Jos (1975); the University of Ilorin (1976); the University of Sokoto (1977); the University of Maiduguri (1977); the University of Port Harcourt (1977) and Bayero University Kano (1977). They became federal universities by virtue of Decree 46 of 1977 which provided for Federal Government take-over of all universities in Nigeria.

Development of Private University Education in Nigeria

In Nigeria, the process of deregulation of higher education which came with the idea of private sector participation in university education actually started in 1980. This was when one Dr. Basil Nnnana Ukaegbu established what could be called the first private university in Nigeria named Tandem University at Owerri. Omomia, Omomia, and Babalola (2014) argued that although there was a judicial contest between the university proprietor and Imo state government at that time, the subsequent victory of the proprietor at the Supreme Court, motivated other private individuals, organisations among others, to take the initiative to establish private universities.

However, General Muhammed Buhari (rtd), the then Head of States, upon taking over in December 1983, promulgated Decree No. 19 of June 1984, which abolished and prohibited the establishment of private universities. In 1991, the then Military President, General Ibrahim Babangida (rtd) set up the Longe Commission on the Review of Higher Education. This Commission recommended, among other things, the abolition of the former decree on private universities. This paved the way for private individuals and organizations to once again be allowed to run private universities provided they meet the guidelines and obtain government's approval.

The advent of democracy in 1999, under the former President General Olusegun Obasanjo, made private universities in Nigeria receive a geometrical boost. Only three private universities namely Igbinedion University, Okada; Babcock University, Ilishan Remo; and Madonna University, Okija, were approved among the first set of private universities screened in 1999 with Igbinedion University, Okada being the first licensed private university in Nigeria. In 2005, the Federal Government of Nigeria approved the licensing of other seven new private universities in the country. As at 2017, the total number of private universities in Nigeria is 69.

Table 1: List of Federal Government's Approved Private Universities as at 2017

SN	NAMES OF THE UNIVERSITIES	YEARS OF ESTABLISHMENT
1	Babcock University, Ilishan-Remo	1999
2	Igbinedion University Okada	1999
3	Madonna University, Okija	1999
4	Bowen University, Iwo	2001
5	Benson Idahosa University, Benin City	2002
6	Covenant University Ota	2002
7	Pan-Atlantic University, Lagos	2002
8	American University of Nigeria, Yola	2003
9	Lead City University, Ibadan	2005
10	Kwararafa University, Wukari	2005
11	Crawford University Igbesa	2005
12	Crescent University	2005
13	Caritas University, Enugu	2005
14	CETEP City University, Lagos	2005
15	Bingham University, New Karu	2005
16	Ajayi Crowther University, Ibadan	2005
17	Redeemer's University, Mowe	2005
18	Renaissance University, Enugu	2005
19	Al-Hikmah University, Ilorin	2005
20	University of Mkar, Mkar	2005
21	Al-Qalam University, Katsina	2005
22	Bells University of Technology, Otta	2005
23	Novena University, Ogume	2005
24	Joseph Ayo Babalola University, Ikeji-Arakeji	2006
25	African University of Science & Technology, Abuja	2007
26	Caleb University, Lagos	2007
27	Fountain University, Oshogbo	2007
28	Obong University, Obong Ntak	2007
29	Salem University, Lokoja	2007

30	Tansian University, Umunya	2007
31	Wesley University. of Science & Technology, Ondo	2007
32	Western Delta University, Oghara Delta State	2007
33	Achievers University, Owo	2007
34	Veritas University	2007
35	Rhema University, Obeama-Asa - Rivers State	2009
36	Wellspring University, Evbuobanosa - Edo State	2009
37	Paul University, Awka - Anambra State	2009
38	Oduduwa University, Ipetumodu - Osun State	2009
39	Nile University of Nigeria, Abuja	2009
40	Afe Babalola University, Ado-Ekiti - Ekiti State	2009
41	Godfrey Okoye University, Ugwuomu-Nike	2009
42	Landmark University, Omu-Aran.	2011
43	Samuel Adegboyega University, Ogwa.	2011
44	Baze University	2011
45	Adeleke University, Ede	2011
46	Elizade University, Ilara-Mokin	2012
47	Mcperson University, Seriki Sotayo, Ajebo	2012
48	Evangel University, Akaeze	2012
49	Southwestern University, Oku Owa	2012
50	Gregory University, Uтуру	2012
51	Augustine University	2015
52	Chrisland University	2015
53	Edwin Clark University, Kaigbodo	2015
54	Hallmark University	2015
55	Hezekiah University, Umudi	2015
56	Kings University	2015
57	Micheal & Cecilia University	2015
58	Mountain Top University	2015
59	Ritman University	2015
60	Summit University	2015
61	Christopher University Mowe	2015
62	Kola Daisi University Ibadan, Oyo State	2016
63	Anchor University Ayobo Lagos State	2016
64	Dominican University Ibadan Oyo State	2016
65	Legacy University, Okija Anambra State	2016
66	Arthur Jarvis University Akpoyubo Cross river State	2016
67	Crown Hill University Eiyenkorin, Kwara State	2016
68	Coal City University Enugu State	2016
69	Clifford University Owerrinta Abia State	2016

Source: NUC Website (2017)

Higher Education Finance: The Trust Fund Initiative

The Federal government of Nigeria has taken bold steps in establishing different trust funds, aimed at giving proper funding, not only to the university education in particular but also higher education in general. These initiatives are as discussed below:

The Tertiary Education Trust Fund (TETFund)

In Nigeria, a notable source of fund for the university education is the Tertiary Education Trust Fund (TETFund), formerly known as Education Tax Fund (ETF). TETFund was established under Acts No. 7 of 1993. The objective is to improve the quality of education in Nigeria. Table 2 shows TETFund Allocations to Nigerian Universities (1999 - 2010).

Table 2: TETFund Allocations to Nigerian Universities (1999 - 2010).

Year	Universities
1999	2,124,999,960.12
2000	1,050,000,000.00
2001	1,794,128,000.00
2002	3,243,500,000.00
2003	1,440,500,000.00
2004	1,515,750,000.00
2005	2,025,000,000.00
2006	2,475,000,000.00
2007	3,659,000,000.00
2008	7,112,000,000.00
2009	6,858,000,000.00
2010	16,672,700,000.00

Source: Federal Ministry of Education, Abuja (as cited in Shu'ara, 2010).

The Nigerian Student Loans Board

According to Oladejo and Adeyanju (2015), student financing was facilitated in Nigeria with the establishment of the Nigerian Student Loans Board through Decree 25 of 1972 and amended by Decree 12 of 1988. This decree was basically promulgated with a view to assisting students to finance their education through loans. However, the decade (1980-1990) the witnessed a general decline in student financing to the extent that Federal Government's sponsored overseas scholarships were suspended in 1985. In 1993, efforts were made to revamp student financing by re-establishing the Nigerian Education Bank through Decree 50 of 1997. Also, at the inception of former President Olusegun Obasanjo's administration in 1999, attempts were made to resuscitate the Federal Scholarships Board in order to improve on student finance. In 1993, the Nigerian Education Bank replaced the then Nigerian Student Loan Board by virtue of Decree 50 of 1993. Its primary and specific functions include student lending, project financing, equipment leasing, lending for publishing, funds mobilisation and provision of advisory services for educational purposes (Chuta, 1992).

Cost Structure in Nigerian Universities

Ogunyinka (2013) argued that the unit costs of higher education vary from one sub-sector to the other. For instance, the unit costs for other levels of education were found to be much lower when compared to the universities. The unit cost of education in Colleges of Education and Polytechnics are not also the same across various States. In his own submission, Okebukola (2002) remarked that unit cost of university education also varies from one discipline to another. Okebukola maintained that the total average unit cost per student per discipline in all science-based disciplines (with a mean of #239,408) was higher than those of Art-based disciplines (with a mean of #186,525). He then concluded that the average unit cost per student per discipline ranged from a minimum of #141,532 for business Administration/Management Science to maximum of #302,096 in Human Medicine.

Cost Sharing in University Education in Nigeria

The cost of education refers to the amount of money spent to acquire or impart education. It represents the value of all resources in terms of money and sacrifice used and made to accomplish an educational project (Oladejo & Adeyanju, 2015). Educational cost sharing can therefore be explained based on the three major actors or decision makers that are involved in the production, consumption, or funding of educational services. The three decision makers are the households (as represented by parents and private individuals); the institutions (as represented by schools/colleges/universities) and the society/public (as represented by the government). Thus, cost sharing in higher education presupposes that parents and students have to share a portion of the costs of higher education.

Generally, the educational cost to parents and children is often too high, particularly when there is economic downturn. They are more or less voluntary, quasi-compulsory or even compulsory indirect contributions from pupils, their parents and sponsors. Students' contribution to university financing in 1988 was 0.28%. This rose to 3.89 percent in 1994. By 2013, the figure reached 5.13%.

By cost sharing in higher education, Johnstone (2003) opined that it is a shift in the burden of higher education costs from being borne exclusively or predominately by government, or taxpayers, to being shared with parents and students. It can also be defined as the transfer of part of the responsibility of higher education funding hitherto borne wholly by the government to both the parents/guardians and the students themselves.

As regards the various forms which cost sharing takes, Johnstone (2002) maintained that cost sharing takes different forms such as the introduction of tuition where it did not hitherto exist or being rapidly increased where it already did. It also takes the form of public institutions charging more nearly break-even or full cost fees for room, board, books, and other costs of student living that may formerly have been covered mainly by

the government. Cost sharing may also come in the form of a reduction or even a *freezing* (especially in inflationary times) of student grants or a reduction of the *effective grants* in terms of student loan subsidies, as interest rates are increased to become closer to the costs of money or market rates. Finally, the shift may come about through public policies that shift enrolments, particularly in rapidly expanding systems, from a heavily subsidised public sector to a much less subsidised tuition-dependent private sector.

In Nigerian Federal universities, there is policy of no tuition fee whereas students in state universities pay tuition fee (Ajayi & Alani, 1996). Students' sharing of the university education finance in state and private institutions is made through a myriad of fees, charges and levies which include tuition in state and private institutions, acceptance, registration and certification, identity cards, caution (akin to security deposit in US), sports, registration fees, late registration, laboratory, transcript, examination, and medical. These fees are not the same in all state and private institutions as they vary in amount paid from one institution to another.

Furthermore, private sector contribution to university education funding in Nigeria dated as far back as the 1950's when the then University College, Ibadan started an endowment drive. Private sector's shares in the cost of university education are usually in form of the endowment of prizes and professorial chairs, and voluntary donations.

Summary of Findings

There are certain revealing findings from this study on the university education finance and cost sharing in Nigeria. These include:

- i. Public university education started in 1948 before Nigeria's independence. The University College, Ibadan, Nigeria became independent of London University and became a full-fledged University in 1962.

- ii. Efforts of private initiative in the establishment of university started in 1980 in Nigeria. The constitution of the Standing Committee on the establishment of Private Universities (SCOPU) in 1993 actually paved the way for the real establishment of private universities in Nigeria.
- iii. Nigeria's Tertiary Education Trust Fund (TETFund) does not really provide for students directly. As regards students in private universities in Nigeria, students and their parents are responsible for all fees whereas in some few countries like Malaysia Education Trust Fund does not only address higher education funding, but also provide for students in both public and high-fee paying private universities.
- iv. Private sector has never been involved in funding private universities. The reverse however is the case in some advanced nations like Malaysia where local private universities are financed by large Malaysian Corporations. For example, Universiti Multimedia was founded and is being funded by the Telekom Malaysia (TM), the largest Telephone Company in Malaysia.
- v. On cost sharing, students in Federal public universities do not pay tuition except sundry charges such as medical, examinations, registration, hostel maintenance, caution, identity card, and so on.

Conclusion

There is no doubt that cost sharing policies have come to stay in all countries of the world, as they have provided a leeway for various governments to allocate resources to grow and assume greater responsibility for financing education systems. It is inevitable especially in countries with weak financial base and poor economy. However, with such countries' education policies that place unrealistic heavy financial burden on fiscal and household capacity, cost sharing cannot lead to a permanent solution to the

problem of financing costly education. As with other policy reforms, the implementation of cost sharing policies should always consider myriad of factors which determine the demand for and the supply of education.

Considerations for Policy Direction

Policy directions should therefore be geared towards the following recommendations:

- Re-engineering policies that will ensure effective financial accountability that will subsequently prevent fiscal failure in Nigerian higher educational institutions.
- Directions should be geared towards policies which will ensure more effective community and individual participation such that government will be able to relinquish responsibility for maintaining large parts of the education system.
- Tax finance appears to be the only sustainable source of finance for education. Thus, with weak taxation systems, cost recovery is inevitable. Policy direction should be turned towards innovations that will strengthen the existing forms of local taxation as well as strategies that will reduce tax evasion to the barest minimum.
- Since cost recovery takes place at the institutional level, effective policies should be directed towards ensuring that institutions are able to return immediate benefits to those who pay through service improvements. This should be a central tenet of a cost sharing policy which constitutes many studies and much discussion about Cost-Benefits Analysis in education.

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