

FINANCING EDUCATION IN A DEPRESSED ECONOMY: THE 21ST CENTURY CHALLENGES

Odufowokan B. A.

*Department of General Studies Education
Tai Solarin College of Education, Omu-Ijebu, Ogun State, Nigeria
E-mail: adesinaodufowokan@yahoo.com*

ABSTRACT

The provision of education to the Nigerian citizenry has adopted the social demand approach. This has contributed significantly to massive expansion of the system without a corresponding increase in funding. Hence, increasing budgetary allocation has always fell short of the expected turn-around revolution in education in the area of economic growth, skilled manpower needed for development and equal educational opportunity for all. This review presented as its main focus an alternative ways of financing education vis-a-vis means of funding in the 21st century. The main source of data was the secondary source. The study revealed that one of the major factors that has contributed to the problems in the education sector is the escalating cost of financing education which has placed the government in serious dilemma. Consequently, government as a matter of urgency should implement the suggested 26 percent allocation to education.

Keywords: Financing, education, depressed, economy

INTRODUCTION

Nigeria's government and other countries world-over now pay adequate attention to education. This is to enable the sector meet with the challenges of the 21st century and most essentially the world-wide revolution in the area of information communication technology (Odufowokan, 2007). Accordingly, the proportion of the gross national product GNP, earmarked to education in Nigeria and other countries of the world has increased significantly. The world bank estimates reflects the proportion of Nigeria's GNP devoted to education increased on the average from 2.3 percent in 1960 to 4.5 percent in 1984, and the proportion of the national government budget rose from 11.7 percent in 1960 to 16.1 percent in 1984 (Famade, 2000). It rose further from 2.9 percent in 1990 to 3.7 percent in 1991 and from 3.7 percent in 1991 to 8.7 percent in 1992 and 15.28 percent in 1993 respectively. In their studies, Aghenta (1989) and Durosaro (1997) evaluate that education consumes between 16 and 22 per cent of states annual income and between 19.8 and 50.8 percent of the annual income of the individuals.

The economic depression brought about by the oil glut of the 1980s till date still has its grip on the educational sector. Indisputably, the sector has not recovered fully the undying effect it had. Since then, there has been increasing evidence of financial constraints coupled with the proportion of government budget and GNP available to education financing. Contributing

to these, is the escalating cost of financing education which has placed the government in a sort of serious dilemma! This study will show that all the stakeholders in education have specific roles to play in its funding process. It will expose the various factors militating against governments' intention to provide free education from primary to university levels as well as expose the hidden fact that sectorial bodies like Education Tax Fund, Industrial Training Fund and National Science and Technology Fund have not provided adequate funding and finance to education sector.

The expansion witnessed in the last two decades in the Nigerian education system has no equal. This was as a result of increased number of schools, size of schools, physical facilities, enrolment, curriculum, personnel and policy decisions. Seemingly, the financial resource allocation to the sector is nominal in terms of naira and kobo. This is because, the business of education had been based on the view that education is an investment yielding dividend by way of producing the much needed manpower and other national benefits accruing to an educated person. However, financial resources available to the government have failed to cope with the growth and demands of the sector in recent times. Therefore, concerted efforts in research and analysis of alternative methods of financing education are needed in the face of declining government funds and increasing unit cost of education which is the focus of this paper. From the forgoing this paper sets to:

- a. Investigate the extent to which the funding provided by the stakeholders to education has affected the implementation of educational programmes.
- b. Find the effects of factors militating against government's decision of providing free education at all levels-primary, secondary and tertiary.
- c. Identify contributions of sectoral bodies such as Education Tax Fund, Industrial Training Fund and National Science and Technology Fund to educational sectors.

In order to achieve the objectives of the study, the following probing questions were explored: To what extent has the funding provided by stakeholders increased the educational development in Nigeria? What are the factors militating against governments' provision of free education at all levels? Have sectoral bodies like Education Tax Fund, Industrial Training Fund and National Science and Technology Fund live up to expectation by adequately providing fund to finance education? What reasons can be advanced for the inadequacies of these sectoral bodies and how can they be remediated?

THE ERA OF FINANCING EDUCATION IN NIGERIA

Missionary Era: The colonial administration ushered in the complete engagement of Christian Missionary Society in funding the establishment and running of schools. The missions derived their fund from their parent's societies

in their origin metropolitan country and also received donations from groups and individuals. According to Taiwo (1980), funding pattern was later substituted for with the missions becoming more established, contributing and with small fee charged the parents of children attending such schools; this was later supported by subsidies from government towards the cost of maintaining the schools. By 1872, the first government subsidy of 30 pounds was released to the three missionary societies operating in Lagos colony; these are Wesleyan Methodist, The Christian Missionary Society (CMS) and the Roman Catholic Mission.

Mission and Government Era: This era witnessed the upsurge in government grants to the mission to boost the development of education in Lagos colony. Within the first two years, that is, 1872 to 1874, the thirty pounds initial grant went up to 300 pounds in 1874 and by 1877 had doubled to 600 pounds. Forojala (1993) said by the time the first education laws were introduced to regulate overall development of the education system, the governments total education expenditure and that of the Christian Missionary Societies and Westleyan Methodist had gone to 20 percent. Thereafter, the government advanced further with the establishment of schools entirely with public funds. By 1896, the protectorate of Lagos got its share and by 1909, the Northern Nigeria under the Nassarawa schools of Hans Vischer in Kano metropolis got its own.

Pre Independence Era: The systematic development of education eloped from which proposed an initial cost estimate and total annual expenditure of 26,000 pounds as initial cost estimate and a total annual expenditure of 799,254 pounds. Though, both estimates were rejected for being strigent and inadequate. The rejection led to a new projection in 1945 by Mol Davidson which was accepted for being total and comprehensive.

The Current Pattern Era: The tremendous increase in education allocation has since lived with the government of Nigeria. The budgetary allocation increased mostly since post independence period. This was on the increase when expressed nominally in terms of naira and kobo as shown on table 1.

Table 1: Nigeria Education Budgets, 1990-2003

Year	Total budgets Nb	Allocation to Education Nb	Percentage
1990	39.00	1.13	2.90
1991	13.86	1.43	3.70
1992	27.59	2.40	8.70
1993	53.00	8.10	15.28
1994	110.20	10.28	9.33
1995	155.00	12.73	8.21
1998	260.00	26.76	10.27
1999	249.00	27.71	11.12
2000	677.51	50.66	8.36
2001	894.20	62.60	7.10
2003	765.00	13.00	1.81

Source: Odufowokan (2005) Concepts and Issues in Educational Management Page 70.

However, the weight of the huge amount of money allocated to education is small in real terms reflecting a hyper inflation situation rather than that of real increase.

SOURCES OF FINANCING EDUCATION

The sources available to education financing in Nigeria are basically three, these are the public authorities, the user of education and self-generated income.

Public Authorities: Public educational institutions are financed majorly by the owner government, which raised her resources through taxation, foreign loans and grants. The first means taxation is normally raised for the general purposes of government such as provision of education, good roads, health services, good drinkable water among others. The government allocates a sizeable proportion of its annual budget, in form of subventions, to the provision and financing of education. Famade (2000) asserts that in support of the above, said the government put in place the Education Tax Fund in 1994 which mandated companies operating in Nigeria to pay 2 percent of their annual profit as Education Tax. Buttressing this, is the disbursement of N1.344 Billion to Universities, Polytechnics, Colleges of Education and Secondary Schools for rehabilitation of infrastructure and provision of facilities (Guardian April 7, 1999).

Foreign Loans and Grants: This also provide another source of finance for education. These are sometimes called bilateral and multi-lateral. According to Famade (2000) about N120 million World Bank loan was secured in 1992 by the Federal government for Primary Education Project. This same type of loan has been sourced for the Universities, Polytechnics, and Colleges of Education. On foreign aids, the most recent trend now restricted the offer of scholarships for specialized training outside the country.

User of Education: The trade-off between the income and the expenditure on education has necessitated the introduction of school fees in the face of falling public revenue due to economic melt- down and the depressed economy. Odufowokan (2007) asserts that the constant fall in the price of crude oil and allied products in the world market supported the idea of tuition fee, development fee, workshop fee and so on. In addition to cost of textbook, registration and examination fee along side P.T.A. levy, caution fee-in respect of anticipated damages that are never reimbursed, most recently, the introduction of Parents Forum in tertiary institutions where these unending problems and financing are discussed.

Self-generated Income: This is another major source of educational financing that is done through the establishment of revenue generating projects like bookshops, farms, petrol stations, pure water, soap and packaging, fee-charged for parking spaces and consultancy. The newest dimension to this is the establishment of hostel and catering services named Institutions Guest House.

ALTERNATIVE FINANCING POLICY METHODS

There is no doubt that the burden of financing education by the government alone would not take the sector to any desirable level as expected, this is because the dwindling oil prices and competition by other sectors for available resources have caused the governments' allocation to education to decline overtime. Simply, a case of global economic recession due to falling oil and allied products prices. The situation above is an evidence of financial constraint which needs urgent solution, perhaps to evolve alternative funding strategies that would help reduce drastically the cost of education. This should include short, medium and long term policy interventions-covering cost recovery and redistribution of financial burden of investing in education. Hence the following ways can be used.

There should be a cost-sharing and funding partnership arrangement between government, parents, students, communities and the private sector. There is no doubt that parents and local communities should be more involved in the provision of books, equipments and materials to schools as it was done during the second republic (1979-1983) in Western Nigeria. This self-help method provides extra resources and even ensures that resources are used effectively and flexibly for optimum utility in education sector. Alumni associations, philanthropic organizations and private sectors should also be allowed to operate endowment and research funds, grants, scholarship and bursaries to students.

Secondly, there should be improved schools efficiency profile by reducing wastage through mass failure, drop-out and repeater rates and low teacher productivity. According to Psacharopoulos and Woodhall (1985), the measures that could help reduce wastage in our school system include:

- (i) Introducing automatic promotion between grades
- (ii) Improve the quality of the curriculum and make it more relevant to pupils' interest and surrounding
- (iii) Improve basic teaching equipment
- (iv) Change examination procedures or reduce the number of examinations taken
- (v) Improve teacher training , so that empirical learning will replace memorization and rote learning
- (vi) Strengthen pedagogical research as an instrument for improving educational efficiency.

The above, when done, would make education system achieve much more than it is achieving now with the current level of funding. Thirdly, more private organizations should be involved in the payment of Education Trust Fund mandatory tax and, even the current 2 per cent should be increased to 5 per cent. This should be regular and monitored to prevent misappropriation.

Fourthly, efficient contract management that would ensure supply of all materials paid for, conform to standard and speculations should be put in place. Fifthly, in addition, systematic alteration in policies on staff housing will conserve costs and reduce drastically the capital expenditure on residential buildings in the universities and other post-primary institutions with boarding facilities. Finally, there is need for governments and developing countries like Nigeria, to re-order priorities. A lot of billions of naira has over the years been spent on peace mission and even, presently on undesirable projects like the recently approved N10 billion earmark for the celebration of the nations`50th Independence Anniversary.

CONCLUSION AND RECOMMENDATIONS

To have an efficient and effective educational programme in a country requires a high investment in education. This can only be achieved through adequate funding and finance. This also helps in determining the number of employees, the buildings, equipments and supplies used in the school system. Hence education is the best legacy any parent can bequeath to the child. Accordingly, it is the greatest possession a person can have. In a nutshell, it must be emphasized that for efficient and effective running of different levels of education , there must be adequate provision of funds by all the stakeholders in education to prepare for the challenges of 21st century in education which include teacher-student ratio, enrolment rate, student-class ratio, libraries, lavatories, dormitories, school clinics and so on.

In effect, the government as a matter of urgency should implement the suggested 26 percent allocation to education. From records, no government at the Federal, State, or Local Government has ever implemented something near the 26 percent. There should also be a general legislation on the above. That is, no government should allocate less than 25 percent of her yearly budget to education. It is also recommended that sectoral bodies should live up to expectation by ensuring that proper accounting and remittance of their funds are done on timely basis to support educational development. N.P.E. (2004). If all these and many other steps are taken by stakeholders in Education, parents, guardians, communities, corporate bodies, teachers and students. It will go a long way to improve the present weak level of education through-out the nation.

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