PUBLIC AND PRIVATE HIGHER EDUCATION FINANCING IN NIGERIA

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Abstract

In Nigeria, the demand for higher education is so high because education has been considered as not only an investment in human capital, but also a pre-requisite for economic development. The major source of fund to universities in Nigeria is the government proving about 90% of the total expenditure. Universities in Nigeria require a significant amount of funds to achieve their goals and objective, however, funds allocated to university education in Nigeria continue to be inadequate with the attendant effects of negative influences on the university system. The objective of the paper is to examine the present financial status of the universities to establish whether there is adequacy or inadequacy of funds to universities in Nigerian. The analysis is based on a secondary data and covers 2010-2011academic session and both descriptive and inferential statistic was used. The result reveals that university education is still not adequately funded to meet up with the international benchmark and best practice. The paper concludes that both private and public universities should intensify effort in revenue generation and also they should efficiently utilize the little resources available to them.

Keywords: University education, financing, revenue generation, unit cost

Introduction

Education in general and university education in particular in every society is obviously known to be an indispensable tool for nations' economic growth and development. It has been empirically proven and universally acknowledged that unless the citizens of a given country are well educated and appropriately trained, the achievements of rapid economic and social development cannot be guaranteed (Ahmed 2013). It is a common knowledge that the world over, universities are enterprise that produce and distribute public good, which is knowledge. As asserted by Babalola (1998), the production of knowledge by universities has always focused on teaching, learning and research, hence, it is believed that university education is a major investment requiring a huge amount of financial resources, thus funds allocated to university education are said to be long term investments of immense benefits both to the individual and to the society. Though government funding is the primary source of funds for universities in Nigerian, this is not sustainable strategy from long term development of universities given the high demand for public funds from other social sectors (Ahmed 2013).

The development of education in any given society is either hampered or boosted by a variety of factors, some of the factors responsible for the retarded pace of educational development in Nigeria include; poor funding, brain drain among teachers, poor infrastructures, unstable curriculum and subject, unstable staff, politicization of education, just to mention a few (Ahmed & Adepoju 2013). The problem of university education financing in Nigeria has to do with lack of commitment on the part of the government to provide quality education to its citizens, this is evident in the last 10 years where the total number of students' enrolment tripled while public resource allocated to the education sector continued to decline from 11.5 percent in 2002 to 8.7 percent of the total government expenditure in 2013 (Ahmed 2013). Since a wide array of other sectors of the system competes for the scarce resources available to government, universities have often been very poorly funded in Nigeria (Okojie, 2007; Ipaye, 2007; Ahmed & Adepoju 2013).

The paper therefore, posit that the main challenges facing the university system in Nigerian is inadequate funding and inadequate internal efficiency through better allocation and utilization of the available funds. Adequate internal efficiency could lead to sustainable resource required in teaching and learning in attaining quality education. Therefore, there should be justification of how the funds released to universities are utilized. The determination of the differences in the propose unit cost and the actual unit cost and reasons for the differentials would serve as cost control measure in the fund released to universities.

Objectives of the Paper

The objectives of this paper include the following

1. To determine the present financial position of Nigerian university to determine if the universities are adequately funded or not.
2. To identify the sources of financing university education in Nigeria.
3. To calculate the unit cost of graduate production in Nigerian universities.

Conceptual clarification

The term "finance" means a science of funds management, or the allocation of asset and liabilities over time under condition of certainty and uncertainty. A key point in finance is the time value of money, which states that a unit of currency today is worth more than the same unit of currency tomorrow. Finance aims to price assets based on their risk level and expected rate of return. Finance can be broken into three different categories: public finance, corporate finance and personal finance. This paper will be talking much on public finance. Public finance is said to be related to sovereign state or related public entities like the university or agencies, basically public finance is concern with; i) identification of required expenditure of a public sector entity (ii) source(s) of the revenue (iii) and the budgeting process. If that is the case then public finance is said to be the role of the sovereign state in the economy to source and allocate funds to various agencies and establishment within the government. Therefore, public finance is the definitive branch of economics which assesses the government revenue and expenditure of the public authorities and the adjustment of one or the other to achieved desirable effects and avoids undesirable ones. Hence public finance has to do with; efficient allocation of resources, distribution of income and macroeconomics stability.

Theoretical Foundations

This paper uses two theories to explain the concept of financing higher education in Nigeria. Human Capital Theory and theory of the Firm are explored in this study to give a theoretical and empirical inside of the issue of higher education financing. Neoclassical theory of the firm, in its basic form, views the firm as a black box rational entity. The theory is built on imaginary but plausible production and demand functions and it establishes the principal of profit maximization according to which profit is maximized when marginal revenue is equals to marginal cost (Dirks 1998). The theory may be used to describe among many other things, various market structures, regulation issues, strategic pricing, and barriers to entry, economics of scale and scope and even optimum portfolio selection of risk asset (Kantarelis 2013). The theory of the firm was traditionally one branch of microeconomics which studies the supply of goods by profit maximizing agents (Braendle 2004). In this theory, production cost played a crucial role. Coase (1937) as state by Schultz (1981) was one of the first to point out that in addition to production costs of the usual sorts, one must also consider transactional costs in explaining institutions like the firm. The theory has to do with so many economics theories that explain and describe how firm, companies or organization behave in relation to the market structure (Dirks 1998). According to Braendle (2004) Ronald Coase is said to be the founder of the theory in 1937, he belief that firm most be consistent with constant returns to scale rather than relying on increasing return to scale. Coase further belief that the size of the firm is dependent on the costs of using the price mechanism and on the costs of organization of their entrepreneurs, he said that these two factors together determine how many products a firm or organization produces and how much of each is to be produce and at what cost. Theory of the firm is used to estimate the cost of graduate production in Nigerian higher education. It was also utilize to define the difference between the revenue and the cost in absolute form, and this is possible when total expenditure is divided by the output or number of students in order to get more useful data on unit cost and how the higher education control unnecessary expenses to avoid wastage. Consequently, the concept of short run average cost was adopted to explain the relationship if there is any between expenditure by student and some explanatory variables.

Historically human capital theory has its roots from the work of Adam Smith “wealth of Nation” he talks extensively on how skill and knowledge acquired by the labor force can influence economic growth and development. He explains that resources spend on education and training of human capital is as important as the resources spend in acquiring physical capital and investment. Theodore W Schultz took it from there and work extensively on human capital theory. That is why the scientific effort he made represents an original, pioneering approach which gave him the opportunity to model the theory. He is often refers to as the father of human capital theory (see for example his work in 1961, 1963 and 1981). Also Alfred Marshall in his book “Principle of Economics” published in 1961 argued that education can be regarded as a personal investment, this according to him is because the intention to invest in education and training is the same on the intention to invest in any other type of investment hence societies and individuals invest in education to get certain benefit at the end of it all. The above argument justifies the early birth of human capital theory and the investment in education for its social and economic benefit. Hence, Human Capital Theory as used in this paper explains the availability of resources in higher education system. The theory will bring to light issue of who should finance higher education. Whether the individual that benefit in term of getting higher earnings after acquiring additional level or type of education or the society who benefited in term of getting good and enlighten workforce, good health care, improve economic development and healthy political participation.

Empirical Argument

So many literature have used the theory of the firm as a framework to explain higher education financing, for instance; Babalola (1998) used the theory of the firm to explain the concept of equilibrium of the firm explain how to move recurrent resources from areas where there is overspending to where there in underfunding with respect to the costing parameter recommended for Nigerian universities by the National Universities Commission (NUC). Chandrasiri (2003) uses the theory of the firm as a framework. In his study of financing university education in Sri Lanka, he argue that theory of the firm provides an insight for understanding the university financing. He further states that in theory of the firm average total cost are likely to fall as output increases due to the influence of economic of scale. He explains further that in the case of university education, cost per student will fall as enrolments increase, this is because some of the services in the universities can be utilized more efficiently with large students' number and if that is the case, universities will naturally try to enroll more students in order to minimize cost. Dirks (1998) conducted a research on university and marketing theory, he postulated that when applying theory of the firm to public enterprises like university, the lack of profit motive usually complicate the discussion but he further explained that the profit motive in university education is substantially limited to some small highly specialized schools and proprietary institutions which may be led by private entrepreneurs.

Human Capital Theory on the other hand has been applied in theoretical and empirical study in developed countries of the world since the last 3 decades. There is an increasing awareness of the applicability of the theory in the developing countries to address the issue of higher education financing, especially by the international organization for example like UNESCO, World Bank, UNICEF (see also the work of Schultz 1961; Psacharopoulos and Patrinos 2002 and Tilak 2008).

Work by Theodore W Schultz and Gary Beeker on human capital theory deal with private and public rate of returns to education and its impacts on higher education investment and funding. Human capital is the stock of competencies, knowledge, and social personality attributes including creativity embodied in the ability to perform labor so as to produce economic value (Woodhall 2009). It is widely accepted that education and training raises the productivity of workers by imparting useful knowledge and skills, hence raising workers future income by increasing their life time earnings (Schultz 1961). Expenditure on education is generally most costly and should be considered an investment since it is undertaken with a view to increasing personal income.

As stated earlier so many literature have adopted this theory to explain who should finance higher education hence the work of Psacharopoulos and Patrinos (2002) assert that benefit of investing in human capital through education is not just the private monetary remuneration and other benefits accruing to the individual per se but also the spillover effect it has on the society as a whole, hence the justification for government subsidies to education. Also Atuahere (2008) in his research describe the challenges of funding higher education in Ghana and provide the usefulness of human capital in explaining the controversial phenomena in financing higher education and its important as a cost sharing mechanism. Johnes & Johnes (1994) argue that implementing financial reforms in higher education is inevitable. If implemented they said it would entails a reduction in the government subsidy to higher education and would require students in some way to finance greater share of the total cost of their education. This argument supports the cost sharing reform. They further support human capital view of education supports which state that students are the main beneficiaries of higher education; it is equitable to expect them to pay for it.

Methodology

A representative sample of (15) universities out of 128 universities was selected for the study. The criteria used in the selection were; (i) location (North/South) (ii) ownership/proprietor (Private/ Public) the public universities consist of federal and state universities. Using the above criteria, 15 universities were selected to represent private, state and federal universities in Nigeria. The 2010/2011 total expenditure and budgeted allocation to various units of the institutions as presented in 2010/2011 estimate submissions of the universities to National Universities Commission (NUC) was used for the estimation. Similarly, the actual students' enrolment in each discipline for the corresponding academic year as submitted by the individual universities was used. The study was limited to undergraduate students only. The total recurrent unit costs were calculated by dividing the total recurrent expenditure by the total undergraduate fulltime equivalent for 2010/2011 academic session.

Results and Discussion

From the period under study, it was in 2008 that the education sector had the highest proportion of recurrent expenditure to the total national recurrent expenditure which is 13%. It was 11.56% in 2006 and 7.6% in 2011. These are far from the 26% recommended by the UNESCO to be spent on education. As can be seen from the line chart (see figures and tables at the end of the article) there is a great difference from the total allocation to education in Nigerian and the 26% recommendation of the UNESCO. With the population growth rate of 2.65% in every ten years expectantly the sectorial allocation to education should at least follow the same trend if the growth in education (expansions in school enrollment) should accommodate the population growth of the country.

The present trend has no relationship with the population growth with is a key determinant in sectorial allocation especially to education. The higher allocation to education was 13 percent in 2008 which was 8.44

percent point below the UNESCO recommendation of 26 percent. The most challenging characteristic of these allocations is the haphazard nature. For instance the allocation in 2005 is 9.3 percent then jump to 11 percent in 2006 but decline to 8.09 percent in 2007 and then jump again to 13 percent in 2008 then crash to as low as 7.6 percent in 2011 then rise up again to 8.4 percent and 8.7 percent in 2012 and 2013 respectively. If the growth of at least 10 percent would be maintained from 2007 by 2013 we will be talking about something much more than the UNESCO recommendation of 26 percent. Nigeria can do better if smaller African countries can allocate something close or above the minimum UNESCO bench mark. For instance Ghana 31%, Cote d'Ivoire 30%, Uganda 27% and Kenya 23% (Kpolovia & Obilor 2013; World Bank 2012; Odiaka 2012). These findings agree with what Kpolovia & Obilor (2013) said that Nigerian government is not providing enough resources to finance education in general and higher education in particular. Also Oseni (2012) clearly said that For the 2013 fiscal year, an amount of N4.92 trillion was presented as a budget in which Education sector got N426.53 billion which is 8.7% of the budget against international benchmark for developing countries which is 26%. There were growths both in amount and proportion- N400.15 billion representing 8.43% in 2012 to N426.53 billion which is 8.7% in 2013, but the increase is insufficient considering the level of deterioration in public schools at all levels. This also goes in line with what Ijaiya and Lawal (2010) said that the budgetary allocation to education sector in Nigeria has been inadequate to meet the demand of the sector. They further postulate that Nigeria's government spending has been totally inadequate or that the amount purported to have been expended on education was not actually spent. Olaniyi and Adam (2002) also agree with the above submission and postulate that government expenditure on education and the share of total spending to the Gross Domestic Product (GDP) have been declining. This is true if for instance you look at the share of education in Nigeria expenditure between 2000 and 2013 it is observe that it was less than 26% of the total government expenditure. This poor funding of the education in the country is said to be partly responsible for the poor performance of the sector and its contribution to the GDP, per capita and other human development indicators.

The results above is in conformity with what the world Bank (2010) said that in cross country comparism of resource allocation to education in Africa, Nigerian is not doing well compare to for instance smaller African countries who spend considerable amount of resources to education, as thus; Botswana spend 19%; Swaziland 24.6%; Lesotho 17%; south Africa 25.8%; Cote d'Ivoire 30%; Burkina Faso 16.8%; Ghana 31%; Kenya 23%; Uganda 27%; Tunisia 17% and Morocco 17.7%. Looking at it from the 'public good' argument which state that education in general and higher education in particular is a government responsibility that will provide it free of charge because of the externalities associated with it, then the government is not doing enough to achieve the benefit associated with the externalities and move the economy toward growth and development.

Table 1.0 (see figures and tables at the end of the article) illustrates the total enrolment, number of staff, budget requested, and budget approves and the money receipt by various universities in Nigeria. This shows clearly the shortfall between budget requests, budget approves and money receipt by various universities in Nigeria. It shows clearly that irrespective of the type of institutions, funds to various universities are not adequate. What the institutions requested is not what is given to them, this is more revealing in the government own universities. There does not appear to be any particular correlation overtime in terms of resource allocation to individual universities. This may indicate that universities base on their ownership status can in fact vary their annual allocation of resources to eventually achieve greater consistency with the shape of their objective and strength. The above scenario reveal a reason in the variation from the table1.0 where the private universities are said to allocate and releases more than 100 percent of what the institutions requested. This differ significantly with what is obtainable in the public universities where by a wide gap exist between what the institutions requested and what is approved and released. This findings agree with what Oseni (2012) said that there are times when wide gaps exist between the amount being budgeted for and the actual amount released. These funding constraints have been mainly the result of government remaining the largest source of financial support for institutions of higher learning. Federal Government accounts for almost 90% of higher education funding (Saint, Hartnett and Strassner, 2003). It can obviously inferred from table 1.0 that there is a wide gap from what the universities requested, what is budgeted and at the end what is approve and released by the proprietors of this universities. It is thus clear why universities have not been meeting their target objectives in producing a given quantity of graduate with a high quality. This also agree with Okebukola (2006) said that funds allocated and release to higher education institutions in Nigeria is still not enough to run the institutions. He further observed that for the institutions to meet up their target objectives, fund requested by the institutions must be release as at when due.

The sources of revenue by type of universities is analyzed in Table 1.1 (see figures and tables at the end of the article) and revealed that there are basically four sources of revenue for Nigerian universities; (i) funds from the proprietors which account for 78% of the total funds (which constitutes more than 90% in the State university, 80% in the Federal government university and 3.5% in the private university (ii) revenues from fees &

tuitions which is about 18% of the total funds in Government universities but it is as high as 64.8 in the private university) (iii) investments and other forms of internally generated revenues (IGR) constitute just 2% of the total revenues and (iv) donations, endowments, grants and other forms of gifts constitute mere1% of the total revenues.

The disparity between state and federal universities in terms of resources coming from the proprietors has to do with the fact that most state universities do not have enough internally generated revenue, they rely solely on the state government for the finances(Ahmed & Adepoju 2013). Whereas the federal universities has some income coming from other sources like the donor agencies and they also have established sound internally generated revenue base to supplement the funds coming from the federal government purse (Ahmed 2013). Ahmed (2013) further state that the federal government abolish the charges of tuition fees in all federal government universities while allowing the state and the federal universities to charge tuitions fees, this will clearly explain the reason behind the federal universities getting low contribution from fees while state and private universities has more in that category.

The analysis reveals high unit costs in the privately owned universities and one of the federal universities (see figures and tables at the end of the article). The highest unit costs can be observed in AUN, REDEEMERS (private) and OAU (federal). Most of the state owned universities such as Niger-Delta, LASU and Nasarawa have the lowest unit costs; this can be attributed to low investment in university education by the state government. However the high unit costs in OAU and UNN can be linked to the age of the universities and the enrolment. These two universities were among the first generation universities which were established since 1960; hence it is expected that they have the highest number of professors and large faculty members. This is because staff salaries as the determinant of cost of graduate production in Nigerian higher education institutions constitute more than 90 percent.

There are wide differences in average recurrent unit costs between academic disciplines and among the university type, ranging from N173, 868 (US$1,086) for education to N1, 577,705 (US$9,860) for medicine per, student per year. Across disciplines Humanities, Management and Social Sciences, Education and Law have low recurrent costs whereas Medicine, Pharmacy and Agriculture have the highest costs. However the inter university variation in the recurrent unit costs was observed. High recurrent unit costs was observed in the only two faculties in the private universities that is Humanities, Management and Social Sciences N504,478 (US$3,152) against the same faculty in federal and state universities of 291,237 (US$1,820) and 211,317 (US$1,320) respectively. This is largely due to low enrolment in the private universities and also high tuition fees charge by the private universities and also number of academic and non-academic staff and a satisfactory teacher-student ratio.

Based on the analysis presented above it is clear that the resources coming from the proprietors constitute the largest share of revenue base for the universities. But the proprietors have started to reduce dawn the allocation due to increase demand from other sectors of the economy, thus alternative source are needed if universities are to achieve their stated objectives.

Alternative Strategies for Funding University in Nigeria

It is clear from the analysis presented above that public universities rely solely on the government to provide its needed resources, with about 90% of the revenue coming from the government purse. This is in contrast with what is obtainable in the private universities in which only 3.5% of the revenue is coming from the proprietor, the bulk of the funds are coming from the student’s tuition fees. This variation is understandable looking at the profit motive of the private universities and the social benefit motive of the public universities. But notwithstanding the public universities should also borrow from their counterpart in the private sector some strategies that they think is good to emulate. The strategy however should not compromise the equity and quality standard of the university education. Based on the above therefore, the following strategies were suggested;

Cost-sharing strategy

From the social demand point of view, since university education benefits not only the society in general but also the individuals specifically, then there are rationale from shifting the financial burden partly to the individual domain from the social domain which is happening worldwide (Salmi 2006; Pillay 2004). Cost sharing is the diversification of revenue sources from heavy dependence on the government to being shared with parents and students, which is much associated with payment of fees. Although many universities worldwide receive a great proportion of their income through student tuition, that strategy remains an untapped source of financing university education in Nigeria. Cost sharing strategy has been considered recently as one of the most convenient and a good method of financing university education worldwide (Obasi & Eboh 2002; Simbowale 2003). Since the government in Nigeria cannot bear the full burden of funding university education (Ahmed 2013), it should allow the individuals to contribute towards funding the system. It is equally important to note that while federal government maintains the policy of no tuition fees in all federal government owned universities in Nigeria thinking that the government has a duty to provide qualified Nigerians with free university education, the government has failed to provide adequate funds that will sustain university education in producing quality graduates (Olayiwola 2012; Abdulkareem, Fasasi & Akinnubi 2011; Akinyemi 2013). Based on the above literature, it is evident that in the near future, the cost sharing strategy will be the only option to finance university education specifically in Nigeria, as was stated by Aina (2002) that university education is both human and capital intensive that require huge amounts of financial resources to carry out its functions.

Graduate Tax Strategy

Graduate taxes have also been considered to be another source of financing university education in the developed Asian countries. According to Tilak (2008) a graduate tax is an educational specific tax to be levied from those who use educated manpower. Manpower produced by the education system is used by all sectors in the economic activities. He further stated that these sectors do not directly contribute to financing education although they are the direct beneficiaries in terms of productivity gain on account of their employment of graduates. Therefore those employers of labor should be asked to share the cost of producing the graduates that are working for them to achieve their target objectives.

In most of the countries in the world pubic finance of higher education is out of general tax collected as revenue. In this paper therefore, earmarked taxes like the graduate tax has been identified as another source of generating additional revenue from private and cooperate individuals who benefited from the human capital produce by the universities. Table 1.2 above gave a hypothetical example of how a university can have additional fund from the introduction of graduate tax. The basic argument is that private employers who employ higher educated labor force should be required to share the cost of producing the human capital. The tax levied should be based on the costs of production and the number of graduate employed. However the main limitation of the above submission is the fact that it is very difficult to get a full record of all the private employers of labor and also there are graduates that worked outside the country. Also some employers would decide not to employ a graduate since there is tax attached to the employment of a graduate; hence they will go for cheap labor.

Revenue Supplementation Strategy

According to Ogbogu (2011) revenue supplement strategy is a preferred route to financial viability of universities. It includes university entrepreneurship such as renting of university facilities as well as commercial marketing of research discoveries, universities/industry collaboration, sale of faculty services, consultancy, introduction of specialized and marketable teaching and scholarship, establishment of guest houses, bookshops, petrol stations etc.

Universities in Nigeria are not doing well in terms of generating enough revenue outside the government sources to supplement what the government is providing. According to Okebukola (2006), government alone cannot fund university education because of the increasing cost of delivery in university education brought about by a combination of high enrolment pressures, resistance of institutions to adapt more efficient and productive financial management styles. The National Universities Commission (the regulatory authority for Nigerian universities) in 2004 gave directives to all Federal government-owned universities in Nigeria to generate at least 10% of their total annual expenditure. As a result, many of these universities were forced to embark on income generating activities in order to get alternative sources of generating income. Some of such means include the introduction of user charges, and several other charges and programs meant to generate income. Yet, many of these universities were not able to meet this target.

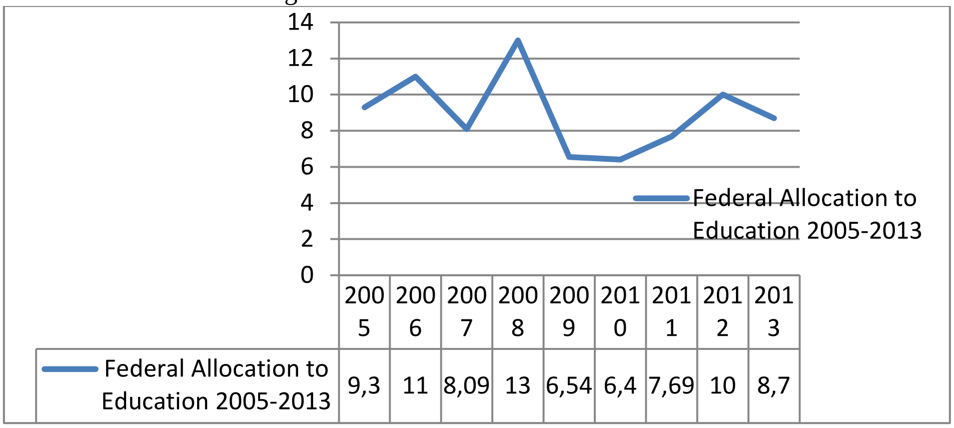
Summary and Conclusions

Funds from proprietors constituted 78% of the total funds available to universities in Nigeria. The State government owned university relies the most on their proprietors for funds (90% of total funds are from the government) this is followed by the Federal government university in which 64.8% of the funds is from its proprietor whereas the private university depends the least on its proprietor and relies more on other alternative sources of funding. The cost of graduate production is the highest in the private university (US$9,168) and the lowest in the State owned university (US$ 4,835). The low unit cost observed in the public universities could be due to the low level of funding by the government and also the increase in student enrolment which was not commensurate with increase in funding. This agrees with the World Bank report in 2010 that says universities in Africa find it increasingly difficult to maintain adequate student-teacher ratio, lecture halls are overcrowded, buildings fall into disrepair, teaching equipment is not replaced, and investment in research is insufficient. This evidently shows inadequate public financing and resource diversification which at the end results in a deterioration in quality of graduate output.

Since more and more sectors of the economy continually keep demanding for more and more of the scarce resources from the government, government owned institutions may continue to be underfunded. As indicated in this paper, government owned universities have relied too much on their proprietors for funding, the attendant effect being the observed lower unit cost of graduate production, in itself an indirect indicator of production of “low quality graduates” There is thus the need for government owned universities in Nigeria to explore other viable alternative sources of funding in order to rely lesser on the funding from the government which will never be adequate and will possibly be declining if these universities are to produce high quality graduates.

Figures and Tables

Figure 1: federal allocation to Education



Source: FGN 2013

Table 1.0: Federal, State and Private Higher education Budget allocation 2010/2011

FEDERAL HIGHER EDUCATION INSTITUTIONS					
Institutions	**Total Enrolment**	**No of Staff**	**Budget Request**	**Approve Budget**	**Fund Receipt**
UNN Nsuka	25,202	1,392	41,815,063,080	15,249,970,761	19,397,629,884 (46%)
University of MAID	39,681	1,406	7,433,553,016	6,619,791,479	5,648,427,900 (75%)
University BEN	24,550	1,184	17,218,427,500	-	7,726,717,697 (44%)
O A U	30,098	1,149	58,205,659,583	52,737,322,659	9,783,065,741 (16%)
BUK	19,205	793	11,503,629,646	-	8,886,200,495 (77%)
STATE HIGHER EDUCATION INSTITUTIONS					
Institutions	**Total enrolment**	**No of staff**	**Budget request**	**Approve budget**	**Fund receipt**
Osun State University	4,764	257	3,424,550,000	3,149,690,000	1,555,231,141 (45%)
Niger-Delta State University	4,746	753	4,000,543,063	5,508,885,829	6,753,765,765 (168%)
Nasarawa State University	6,368	404	2,736,547,193	1,601,589,020	1,314,602,123 (48%)
Ebonyi State University	10,840	722	9,081,443.251	7,032,697,839	2,564,193,610(28%)
Gombe State University	4,294	295	3,063,441,597	2,440,000,000	2,474,527,733 (80%)

PRIVATE HIGHER EDUCATION INSTITUTIONS					
Name of institutions	**Total enrolment**	**No of staff**	**Budget request**	**Approve budget**	**Fund receipt**
American University	1,231	84	939,111,748	5,927,147,948	4,377,605,762 (466%)
Covenant University	6,822	382	3,616,715,000	4,878,722,000	3,918,403,000 (108%)
Bingham University	1,857	93	583,477,000	433,477,000	518.211,707 (88%)
Bowen University	4,673	176	2,742,100,000	2,592,060,000	2,311,845,000 (84%)
Redeemers University	2,423	219	1,610,226,000	1,610,226,000	1,414,040,000 (87%)

Source: calculated by the author based on NUC data set

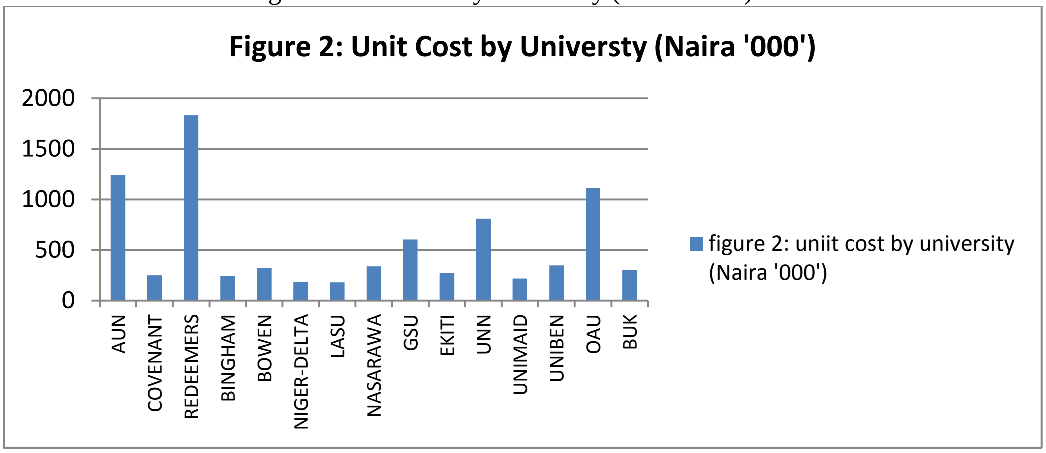
Table 1.1: Sources of funds for Nigerian universities

University	**Sources of funds (millions naira)**					
	Proprietor	**Fees**	**Investments**	**Gift & grants**	**Others**	**Total**
State Universities	2,764.8 (96,2)	100.0 (16.1)	5.5 (0.2)	0.0 (0.0)	5.0 (0.2)	2,875.3
Federal universities	6,243.7 (80.4)	1,246.8 (3.5)	164.0 (9.1)	66.2 (2.9)	43 .0 (0.6)	7,763.6
Private Universities	199.0 (3.5)	3,700.0 (64.8)	1,690 (29.6)	60.8 (1.1)	61.0 (1.1)	5,710.8
TOTAL	1,2708.4 (77.7)	3,036.8 (18.6)	368.5 (2.3)	127.0 (0.8)	109.0 (0.7)	1,6349.7

Percentages of total in parentheses

Source: calculated by the author based on NUC data set

Figure 2: Unit Cost by University (Naira '000')

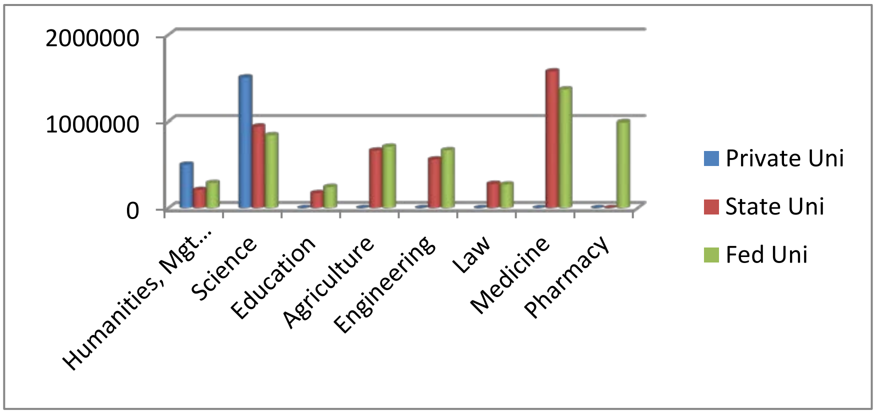


Source: constructed by the author based on the available data collected

165 Naira= 1 US$

Source: Author's estimates.

Figure 3: Average Costs per Discipline in Private, State & Federal University (Naira)



Source: Author's estimates.

Table 1. 2: Hypothetical example of graduate tax

University	Private Employers of labor								Total		Graduate tax 2%
	Manufacturing industries & trade		Banks and other financial institutions		Small & medium scale		ICT				
	No. of graduates	Minimum wage	No. of graduates	Minimum wage	No. of graduates	Minimum wage	No. of graduates	Minimum wage	No. of graduates	Minimum wage	
GSU	200	20,000	250	25,000	150	35,000	120	28,000	720	18,860,000	377,200.
ABU	500	20,000	600	25,000	350	35,000	250	28,000	1700	44,000,000	880,000.
UNN	550	20,000	670	25,000	400	35,000	260	28,000	1,880	49,030,000	980,600.

Source: hypothetical example constructed by the author based on estimation
Figures are all in Nigerian Naira and US$1= N165

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