

Alternative Sources of Financing University Education in Lagos State, Nigeria

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Abstract

This study examined the various alternative sources put in place in the public universities in Lagos State in financing the institutions. The study adopted descriptive research design. The population for the study was all the universities in Lagos State. The sample for this study comprised two public universities in Lagos state. A self-design questionnaire titled “Alternative sources of financing university inventory” (ASFUI) was used to gather information required from the budgetary section of the universities. The study revealed that the Federal University was able to employ more alternative sources of financing than the State University. However, none of the universities fully employed the available alternative sources. It also revealed that tuition was not an alternative source at undergraduate level in the Federal university. It was recommended that the universities should employ more alternative sources which are yet to be employed and the State University specifically should be involved in some income generated activities which are commercial in nature and not currently employed. Tuition should be introduced in the Federal Universities at undergraduate level with consideration to students from poor parents.

Keywords: Alternative sources, financing education, University, funding of education, funds allocation

Introduction

Funding has remained a critical factor in the provision of functional education that can lead to a national transformation. Ayeni and Babalola (2009) argued that funding was central and germane to the success at all levels of education. Unfortunately, there has been wide outcry against poor funding of education in the country most especially at the university education level. Between 1990 and 1997, the real value of government

allocation for university education declined by 27% even as enrolment grew by 77% Akpanuko, (2016). For three years, 2004-2006, N196 billion was allocated to the Federal Universities which is only 14.8 percent of the required N1.3249 billion Okojie, (2008). This is despite the fact that Nigeria is currently witnessing increase enrolment of University students as provided by Udoh (2008). Ayeni and Babalola expressed the notion that higher education sub-sector had suffered continuously from inadequate and poor funding. Sanni (2016) asserted that the university education financing in Nigeria manifested a lack of commitment on the part of the government, impacting upon a qualitative education to its citizenry and that this has been evident in the last 10years where the total number of students' enrolment was triple while public resources allocated to the education sector from the Gross Domestic Product continue to decline from 11.5 in 2002 to 8.7 percent in 2013. Olayiwola (2012) submitted that at present more than 90 percent of the funding of University education is received from government. Hence government subvention is the main source of financing university education in Nigeria. Yet, these are grossly inadequate to deliver the University education services.

There is an obvious financial crisis in the Nigerian Universities, but the impact seems to differ from one institution to another depending on the proprietor of the institution either state or federal. Okebukola (2002) and Sodunke (2001) were of the opinion that the state universities are worse hit by the financial stringency. It also appears that the federal universities are more funded by the federal government, this may not be unconnected with the fact that the Federal government is their sponsor and can afford to allocate more money to these universities, while the state universities are managed by the state government which may not be able to spend much money as the federal government. It then seems that the state universities were forced to involve more on alternative sources to complement the government subvention more than the federal universities.

The fact that funds allocation could not meet the university education need was made obvious when the government requires each university to source for at least 10% of its income through alternative sources. Onuoha (2013) added that the federal government through the National University Commission (NUC) has continuously directed all federal universities to explore ways of generating revenues through alternative sources such that the management would not have to look up to the government for solving all their financial problems. Alternative sources of finance are other means through which money comes in apart from government subvention. Some of these alternative sources have been identified to include: Tuition and fees, private contribution, consultancy and research activities, community participation, auxiliaries (i.e enterprises,)

Alumni, gifts and endowment, and international aid. Daniyan (2002) and Olatunji (2003) are of the opinion that there is abolition of tuition in Nigerian universities. Omoifo (2007) verifies the submission of Daniyan and Olatunji that there is no tuition in Nigerian universities generally, while where tuition are being collected are highly subsidized and that education in Nigeria is almost free, while even the world best university, that is, Harvard University generate 21% of its income from tuition Akpanuko,(2016). Popoola (2000) submitted that non-payment of tuition fee by children of elites are forms of economic wastage in the university system and that a system that allowed the children of the rich who could ordinarily pay tuition to receive tuition free university education cannot be entirely efficient. The World Bank (2000) reiterated that financing problem of education would have been ameliorated if the various sources that could contribute to education had been tapped particular public contribution to education.

Academic Staff Union of University(ASUU) has gone on strike for several times namely: 1992, 1993, 1994, 1996 (five months), 2001(three months), 2002(two weeks), 2003 (six months), 2005(three days), 2006(one week), 2007 (three months), 2008(one week), 2009 (four months), 2010(five months), 2011(three months), 2013(six months), which ended in 2014). Arikewuyo (2008), Sam-Ewang (2009), Ebele (2013), and Nasiru (2014) referred to the strike as being on funding for the system.

The need for this alternative generation of fund by the universities was further stressed by the implementation committee of the National Policy on Education that the universities must learn to live within their means and use their internal reservoir of initiative and ingenuity in finding alternative options in the face of the challenges of financial stringency. This calls for the need to find out the alternative sources which have been put in place by the universities and to discover whether the available alternative source are fully employed by the universities.

Literature Review

Main Source of Financing University Education in Nigeria

In most countries all over Africa, Asia, Europe and other continent; the government has been the main source of finance for university education in the public universities for example, HEFCE (2012) report on England provides that the Higher Education Funding Council for England (HEFCE) distribute public money to universities in England and that the total amount is set by government each year and it is allocated between the higher education provider equitably and transparently. It was added that “Guide to funding: How HEFCE allocates its fund (HEFCE 2010/14)” consists of how this is currently done in England. HEFCE is said to be the largest single source for English higher Education.

Adekunle Ajasin University(2011) convocation report also states that the government has been the main source of financing to university education in Ghana (90%) and Egypt (85%) of the university income. To mention just a few countries. Nigeria is not also different from these countries. Akindutire (2004) and Akomolafe (2004) submitted that the state government provides funds for running their tertiary institutions. Hatnett (2000) also asserts that all federal universities in Nigerian receive the bulk of their funding (almost 95%) from the federal government. Odebiyi and Aina (2008) also supported these views when they emphasized that the government of Nigeria, for a long time have been sole financier of university education in Nigeria and that both federal and state government use the common pool system of revenue collection.

In a recent research by Onuka (2014) on “Funding the Nigeria University Education” it was revealed that government is almost entirely the only source. In his analysis it was discovered that government provides as much as 91% of fund available to the Nigerian public universities. His finding further revealed that Nigerian people had become so much used to government largesse that most of them whether individual or corporate would want to continue with status quo ante as they do not want to spend anything on education by themselves , he further emphasised that the stakeholder want the government to continue to fund university education as a fulfillment of its social responsibility to the citizenry and as an investment in social capital for human capacity building for whom development takes place and who is instrument of development. Akinnosu (2012) also provides that many universities rely on government. The main source of financing university education in Nigeria therefore is the government.

Alternative Sources of Financing University Education

The present poor financial position of universities in Nigeria and many other countries, coupled with the recent awareness that universities are expected to source for at least 10% of their budget through alternative sources in Nigeria has made it necessary that alternative sources of financing have to be sought (Akomolafe, 2004, Authur, 2009). Serious attention has been devoted to the analysis of alternative methods of financing university education by many authors. Arthur identifies cost sharing with students (i.e. tuition), raising private funds, other income generating activities (i.e commercial activities), increasing productivity and efficiency, re-ordering priorities and internal reallocation of resources. Weidman (2009) also identified direct cost recovery (tuition) contract and agreement with private and public sector agencies (i.e consultancy services), income produce enterprises (i.e. commercial services), private contribution and endowment, student employment and national services and scholarships. Odebiyi and

Aina (2008) also gave the following as available alternative sources, endowment foreign grants, fees/levies, tuition, university productive sector (UPS) linkages and commercial activities. These commercial activities include: Hotel and catering services, primary schools, secondary schools, publishing and printing press, petrol stations, supermarkets, agriculture and food processing, bookshop, guest houses, car park, laundry parks and gardens etc. Nwosu (2009) and Akinsanya (2016) gave the following as alternative sources: Tuition and fees, gifts, grants and endowment investment income, Auxiliaries i.e enterprise, parents, Alumni consultancies and researcher activities, community participation, and international aid

Statement of Problem

The National Policy Implementation Committee has urged all Nigerian universities to source for at least ten percent of their required total income annually. This is to augment the annual government subvention which seems to be inadequate. This is informed by the government funding in the public universities that is becoming irregular and inadequate, coupled with deplorable state of infrastructures in the universities, such as inadequate lecture theatre most especially in the state universities and some federal universities.

Purpose of the Study

The purpose of this study was to discover which alternative sources were employed by the public Universities in Lagos State, and to find out whether the available alternative sources were fully employed by the universities. It was also to discover which university employed more alternative sources between the State and Federal university.

Research Questions

The following questions were raised to solve the problem of the study:

1. What are the alternative sources of financing education employed by the federal university in Lagos State?
2. What are the alternative sources of financing education employed by the state university in Lagos State?
3. To what extent are the available alternative sources of financing education were employed by the Federal universities in Lagos State?
4. To what extent are the available alternative sources of financing education employed by the State University in Lagos State?
5. Which university employs more alternative sources of financing education among the Federal and the State University?

Methodology

This study is descriptive research design and expo facto. It involves the use of inventory to collect data from the budget section of the universities, income expected from the various alternative sources and the income generated as an indication that such alternative sources are employed in the universities. The population for the study was all the universities in Lagos State. The sample of this study comprises of the public universities in Lagos State which are the university of Lagos and Lagos State University. Consequently These were purposefully selected because the Private Universities were not beneficiaries in the main source (government grant) which this study perceived to be inadequate and calls for the need for alternative sourcing for fund.

The researcher made use of a self-design questionnaire titled “Alternative source of financing university inventory” (ASFUI). This consists of two sections, Section A and B. Section was used to extract information on the alternative sources employed in the universities and their budgeted income between 2006- 2010 as an indication that such sources are employed, only section A is applicable in this study. The ‘Face’ and content validity of the instrument was ensured by the help of experts in Test and measurement, Educational management and finance. The data collected were analyzed with descriptive statistics such as percentage and bar charts.

Data Analysis and Results

Research question one: What are the alternative sources of financing education employed by the federal university in Lagos State?

Table 1: The alternative sources employed in the University of Lagos

	Budgeted income	Actual income	comment
Cost sharing with student recovery/cost recovery	1, 382, 623,985	1, 284, 696, 680	In place
Tuition (post Graduate)			
Loan	1, 898, 553, 393	2, 234, 997, 273	Not in place
Other fees e.g Reg, library I.D			
Bursary to student			
Private contribution			
Private donations by individuals	7, 707, 656	1,000,000	In place
Alumni			
Gifts and endowment	70, 000, 00	2,000,000	Not in place
Contract and agreement with private & public agencies			
Consultancy services/ UPS linkages	160, 000,000	136, 325, 898	In place
Income generating activities			
Academic programme			
Foundation programme (Diploma courses and Part time)	2,340, 000,00	1, 844, 800, 800	In place

Human resources (sandwich & professional courses)	2,800,000,00	2, 787, 768, 893	In place
Distance teaching & open learning			
Pure correspondent			
Printed materials with TV, Radio, Video and Audio cassette			
Printed materials and face to face	1, 976, 706, 185	1, 730, 589, 842	In place
Commercial ventures			
Secondary schools	1, 625, 750,000	1, 232, 524, 842	In place
Primary schools	169, 921, 000	138, 318, 563	In place
Bookshops	830, 000,000	517, 440, 495	In place
Printing press	457173,172	132, 739, 905	In place
Filling station			Not in place
Guest houses and conference centre	845, 069, 056	368, 572, 918	In place
Pharmacy	161, 497, 345	77, 214, 216	In place
Laundry central	91, 086, 258	51, 336, 428	In place
Water unit	288, 856, 856	178, 171, 087	In place
Car wash	11, 864, 000	3, 545, 295	In place
Car park	46, 750, 790	15, 950, 965	In place
Biological garden(livestock rearing, creative arts)	6,000, 000	2, 561, 485	In place
Agric and food processing			Not in place
Property/investment company	226,817, 192	136, 284, 677	In place
Auditoria mgt. (halls)	414, 022, 630	462, 697, 275	In place
Supermarket			Not in place
Radio station	1, 875, 000	16, 559, 990	In place
Foreign grants/international aids	11, 000,000	0	In place

Table 1 shows that tuition for post graduate, other fees such as registration library I.D card, private donations by individuals, Gift and endowment, consultancy services/ups linkages, foundation programme, human resources i.e sandwich and professional courses, face to face distance learning education and printed materials, secondary schools, primary schools, bookshop, printing press, filling station, guest house and conference centre, pharmacy, laundry central, water unit, car wash, car park, biological garden, property investment company, auditoriums management, supermarket, radio station and foreign grants are the available alternative sources in the federal university. Pure correspondence in distance learning education is not in place, in the University, the distance learning education available is that which involve face to face printed material, video audio cassette and internet services.

Alumni, loan to students, Agriculture and food processing, filling station supermarket under commercial activities are also not in place in the federal university.

Research question two: What are the alternative sources of financing education employed by the State University in Lagos State?

Table 2: Alternative sources employed in Lagos State University.

	Budgeted income ₦	Actual income ₦	Comment
Cost sharing with student recovery			
Tuition (post Graduate)	2,828, 944,854	1,612, 836, 287	In place
Loan			Not in place
Other fees such as Reg., library I.D	481,1515, 296	108,536,994	In place
Bursary to student			
Private contribution			
Private donations by individuals	407, 286, 500	16, 738, 876	In place
Alumni	50, 000,000		In place
Gifts and endowment	1, 907, 691, 676	8, 383, 359	In place
Contract and agreement with private & public agencies			
Consultancy services/ UPS linkages			Not in place
Income generating activities:			
Academic programme:			
Foundation programmes (Diploma course and Part time)	60, 250,000	2, 457, 500	In place
Human resources (sandwich & professional course)	10, 269, 787, 490	6,591, 342,424	In place
Distance teaching & open learning			
Pure correspondent			Not in place
Printed materials with TV, Radio, Video and Audio cassette			Not in place
Printed materials and face to face			Not in place
Commercial ventures			Not in place
Secondary schools			Not in place
Primary schools			Not in place
Bookshops			Not in place
Printing press			Not in place
Filling station			Not in place
Guest houses and conference centre			Not in place
Pharmacy			Not in place
Laundry central			Not in place
Water unit			Not in place
Car wash			Not in place
Car park			Not in place
Biological garden(livestock rearing, creative arts)			Not in place
Agric and food processing			Not in place
Property/investment company			Not in place
Auditoria mgt. (halls)			Not in place
Supermarket			Not in place
Radio station			Not in place
Foreign grants/international aids			Not in place

Table 2 shows that the following alternative sources are employed in the State university: tuition both at post graduate and undergraduate, other fees (registration fees, library fee e.t.c), private donation, Alumni, gifts and endowment, foundation programme, human resources (i.e sandwich and

professional courses). It also indicates that none of the available alternative sources under commercial activities were employed in the state university such as printing press, water unit, car wash, livestock rearing, agriculture and food processing, radio station, primary and secondary school, laundry, property and investment, and so on. Distance and open learning, consultancy services/ups linkages were not also employed in the state universities.

Research question three: To what extent the available alternative sources employed in the federal university?

Table 3: The extent the available alternative sources were employed in the Federal University

No of available Alternative source	No of alternative sources employed	Percentage employed
32	27	72%

The number of available alternative sources and the number of alternative sources employed by the universities were used to get the percentage employed, the result is presented in table 3.

Table 3 shows that 27 (72%) of the available 32 (100%) alternative sources were employed by the Federal University.

Research question four: To what extent is the available alternative sources were employed in the State University?

Table 4: The extent the available alternative sources were employed in the state university

Alternative source available	Alternative sources employed	Percentage employed
32	7	22

The number of available alternative sources and the number of alternative sources employed by the state university was used to get the percentage employed, the result is presented in table 4.

Table 4 shows that the State University employed 7 (22%) of the available 32 (100%) alternative sources.

Research question five: Which university employs more alternative sources of financing education among the Federal and the State University?

Table 5: The number of alternative sources employed by the Federal and State Universities in Lagos State

University	No of alternative available	No of alternative source employed	Percentage employed
Federal	32	23	72
State	32	7	22

Table 5 shows that the Federal University employed 23 alternative sources while the State University employed 7 alternative sources. The

Federal university employed more alternative sources than the State University.

Discussion

The result of this study revealed that tuition was available as an alternative source of fund in the Federal University but it was employed at Postgraduate level only while both Postgraduate and undergraduate pay tuition in State University. This may be as a result of the government directive that the collection of tuition should be banned in the universities. Many of these undergraduate may be children of elites hence their nonpayment of tuition is a form of economic wastage to the Nation (Popoola 2000). However, this is contrary to the opinion of Rowell (2016) that tuition is not part of Federal Universities alternative generation of funds. The study also revealed that pure correspondence which requires non face to face learning in distance learning was not available in the Universities. However, face to face with printed materials was available in Federal university. This might be as a result of negative environmental constraints such as the required technological equipment and facilities. This supported the submission of Onuoha (2013) that some universities are faced with negative environmental constraints in the drive for alternative sources as funds generation. Pure correspondent in distance learning would have been a great source of income for the universities as this will enable more learners whose job would not have enabled them were given opportunity to further their education, hence more fund would be generated. The World Bank (2004) emphasized how means of generating fund through full on-line distance learning (pure correspondence) grew rapidly in excess of 40% annually with 350,000 students and tuition revenue of US \$1.75 billion dollars in American institution in 2003 alone.

The finding also revealed that all the available alternative sources of commercial nature are not available in the state University. This contradicted the report of Onuoha (2013) where commercial activities were seen as the commonest alternative source. It therefore implies that commercial services such as car park, car wash, houses and others are not part of alternative generation of fund in the state University. This may be as a result of ignorance on the part of the university management on the extent to which these sources can bail them out of the financial stringency prevailing in the university.

The study revealed that the alternative sources available were not fully employed by the Federal and State Universities in Lagos State. This might be due to the fact that the government for long has been the sole financier of Universities in Nigeria (Adebayo 2016). This study corroborated the opinion of Okojie (2008) that government ownership and monopoly

coupled with assumption that government alone could adequately fund university education, thereby monopolizing their activity and direction contributes to the Universities sourcing for alternative fund.

The result of this study also revealed that the Federal University employed more alternative sources of fund generation than the state. Despite the fact that the State University appears more hit by the financial stringency. This was contrary to the opinion of Sodunke (2001) and Okebukola (2003) that State Universities employ more alternative sources because they were worse hit by financial inadequacy.

Conclusion

The need for alternative sources of fund generation in Nigerian Universities cannot be overemphasized in the face of the present financial stringency. This study revealed that tuition is not a source of alternative fund at undergraduate level in the Federal Universities. The study also revealed that the Federal and State Universities do not employ the available alternatives sources fully. This was perceived to be due to the government mono-policy of the Universities activities, and subsequently caused the universities not to catch the vision of sourcing for alternative funds.

Recommendations

The government should not shy away from their inability to solely finance the university education in Nigeria should therefore encourage the universities to source for alternative funds by giving them all the autonomy to source for funds without any interference. It is therefore recommended that government should allow the Universities to charge tuition at all levels, but special consideration may be given to students of poor parents which will be left at the discretion of the University management.

The universities should explore more alternatives sources, for there are still more left unexplored by the Universities. The state Universities most especially should employ the available commercial sources, as a way of funding the universities without the students really be involved in the cost. These include such alternative sources as car wash, car park, crèche and day care, secondary school, Laundry, guest houses and others.

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