

FINANCIAL AUTONOMY IN NIGERIAN TERTIARY EDUCATION FOR EFFECTIVE MANAGEMENT OF PUBLIC UNIVERSITIES

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Abstract

In an ever changing Nigeria, It can be pointed out, that besides academic freedom and administrative autonomy, there is also the question of universities' financial freedom where the abolishing of tuition fees in 1975 by the federal military government marked a significant loss of revenue for education. While the government, on the one hand, wants the universities to find alternative funding sources and become financially autonomous the universities through their union, on the other hand, argued that the government has the resources to finance the universities and should continue to take full responsibility. The paper addresses the position of the law relating to the issue of University autonomy in Nigeria. The statutes establishing Nigerian universities confer on them three fundamental forms of institutional autonomy as implied from the IAU policy statement above. These are namely: (1) academic autonomy/freedom, (2) administrative autonomy and (3) financial autonomy. These three aspects of autonomy are the basis upon which disputes occur between ASUU and Federal Government and it is within these frameworks that the paper examined the conceptual issues surrounding financial autonomy in Nigerian federal universities. It also discovered that the principle of financial autonomy more especially as it relates to Nigerian universities is grossly inadequate and vague within the Nigerian legal system. Hence it also recommends that the universities should be given the authority to generate fund internally in addition to the grants given by the government and the power to disburse the funds so generated. Government and

critical stakeholders should review university autonomy laws to appropriately address funding, including staff remuneration, institutional governance, as well as the issue of internally generated revenue

Keywords: Financial Autonomy, Education, National Development and Tertiary

Introduction

There have been intensive debates between ASUU and the Federal Government on the question of autonomy and academic freedom since 1978 till date. In general ASUU argues that the Government's undue interference in matters concerning the day to day administration of the institutions inhibits progress and distorts effective decision making (Onyeonoru, 2008). Such interventions include attempts to control the appointment and removal of academic staff (including Vice Chancellors), the imposition of sole administrators during the military era, the admission of students, the prescription of teaching curriculum and research content, the restriction of certain publications and the allocation of recurrent income (Ekundayo and Adedokun, 2009). ASUU on the other hands stated that political ideologies and interests interfere with the smooth running of the University system. Financial Autonomy is the "breath" and "life" of tertiary education institutions because it ensures sourcing for finance for effective academic development. It also allows training institutions to break free from the "asking and giving" practice as well as rigid, burdensome and bureaucratic regulations on management, training, enrollment, finance, and scientific research. Among the main contents as mentioned above, financial autonomy is considered an important prerequisite which is capable of perfecting all other autonomy contents such as personnel and academic autonomy.

In Nigeria, for example, a University Autonomy Bill was passed by the National Assembly in 2004, which aimed at making new and better provisions for the autonomy of universities. University autonomy simply means self-determination and self-governance or self-rule. It refers to the right of the universities to determine the manner in, or the ground rules by which they are governed and their capacity to control their own affairs and shape their own destiny, free from external interference or control. In an Act to Amend the University (Miscellaneous provisions) Act and to make new and better provisions for the autonomy of universities and other related matters", Section 2.3, page 2, describes university autonomy simply as the capacity of the university to govern itself.

University autonomy is understood as the creation of a mechanism for universities, within the framework of law, to take the initiative in organizing the implementation and decision-making of academic content, organizational structure and personnel, and finance and; specifically: Regarding finance, it is autonomy and self-responsibility for the management of financial revenue and expenditure, assets, investment in construction of facilities, procurement of equipment, and set-up and use of funds of the university. The question steering Nigerian tertiary institutions at the face "is financial autonomy the solution?". The effective running of universities demands the availability of funds, human and material resources. Over time, however, the Nigerian university system has been crying out over inadequate funding for the smooth operation of the system, thus blaming the government for the scarcity of funds for public universities. The government, on the other hand, complains of a lack of resources;

repeatedly saying it (government) alone cannot fund education in the country and harp on the importance of exploiting other means of funding education. The university workers, in reaction to poor funding, unpaid allowances and dilapidated facilities, among others, always resort to strike actions, which cause the closure of universities for long periods of time, thereby affecting students' learning.

The paper addresses the position of the law relating to the issue of University autonomy in Nigeria. The statutes establishing Nigerian universities confer on them three fundamental forms of institutional autonomy as implied from the IAU policy statement above. These are namely: (1) academic autonomy/freedom, (2) administrative autonomy and (3) financial autonomy. These three aspects of autonomy are the basis upon which disputes occur between ASUU and Federal Government and it is within these frameworks that the paper is set to examine the conceptual issues surrounding financial autonomy in Nigerian federal universities.

Financial autonomy, Nature and the issues involved

The concept of financial autonomy is the ability of a person to make decisions related to their income, expenses and their level of indebtedness. To do so, it must be autonomous, from an economic point of view. Therefore, the researchers can say that any decision about everything that affects our economy is referred as financial autonomy that is why tertiary education institutions are aiming to be by far autonomous regarding rising demand for higher education in recent years. Financial autonomy is one of the momentous determinants in accordance with tuition fee and loans. Managing resources independently would by far allow universities to reach their strategic aims more successfully.

Many criteria are allowed for considering financial autonomy of university and among these criteria determination of tuition fee freely by a university or by an external authority is an important decision to finance public higher education. While tuition fee approach derives from financing Higher Education by public resources, would be the authority to decide the amount of it between upper and lower limits settled on by the external authority. Further to that, loan opportunities to pay the fees should be taken into account for especially poor-background students which affect the attendance level. These loan opportunities may be provided either by the government or private sector.

From the view above, Bare (2010) coined financial autonomy to refers to universities which exercise independent control over its day to day operations of funds from government or internally generated revenue. Autonomy is generally associated with universities and implies that the sponsors (federal or state) does not have control over or dictates in matters of universities especially in its fund's management. Over the years, the university system enjoyed relative measures of financial autonomy as they were left to function with zero interference from both the federal and states government. The universities were also encouraged to organize their own entrance examinations and selection of candidates for admissions without government interference or by its agencies while members of the governing council were selected from those who have idea of higher education administration. Financial autonomy is determined by several parameters: the duration of the state funding cycle (the less the state or the controlling authority determines the amount of funding, the

more freedom the university has in shaping its budget, and, accordingly, the more long-term strategy can be determined for itself), the type of public funding the opportunity independently determine the cost items, the ability to save profits, ownership of the building, the ability to set the amount of tuition fees.

In the same vein, Etuk, (2022), is of the view that the expansion of the financial autonomy of universities suggests a change in the mechanism of interaction between the state and higher education institutions and becomes especially relevant in a situation where most European countries have recognized higher education as one of the most expensive social services, and the growth rates of total expenditures on education far outpaced the growth rate of government revenues. There is a gradual transformation of universities into economically independent structures, which are managed as large corporations and are responsible for the results of its financial activities to the state.

To assess financial autonomy further, the researchers logically analyses necessary conditions such as the duration of the public funding cycle; type of public financing; the opportunity to attract external funds on the terms of return; the opportunity to receive and distribute profits; possibility to own a building; tuition fees at the educational and qualification level of the bachelor and master, postgraduate and doctoral programmes for students; tuition fees at the educational and qualification levels of the bachelor and master, postgraduate and doctoral programmes for students. Universities financial autonomy does not mean their full independence from the state: for example, in most Organisation for Economic Cooperation and Development (OECD) countries, the state funds up to 70 % of all university budgets, which is the main lever of state influence on the processes of transformation at universities and the main instrument for achieving positive results in the educational sphere. At the same time, the schemes of financing higher education differ in the degree of coverage by the state of the cost of training in universities, the mechanism of selection of potential students, the level of autonomy of the university in determining the cost of education.

Consequently, Okoye, (2010) maintained that financial autonomy in public universities was relatively enjoyed by the first and second generation of universities established in the middle of 1940s and between 1960 and 1970s respectively. From this generation of universities, the University College of Ibadan established in 1948 and later University of Ibadan was adequately funded in all aspects of teaching and research by both the Nigerian and British government between 1948 and 1954 respectively. The Federal Government's capital expenditure on the University College Ibadan was over £36 million and the total recurrent expenditure over the same period amounted to £ 112.269 (NUC, 2003). The first and the second generation of universities performed well and were adequately funded by the government while the federal Government released subvention to the universities regularly, with scholarships and bursaries made available to indigent students.

Okebukola (2002) submitted that there was no substantial difference between the amount requested by the universities and the amount received from the government. He opined that there were years in which the amount received was slightly higher than the amount requested for. Ejiogu (1986) affirmed that the annual Federal Grants to the first five universities in the country at that time rose from £2.56 million in 1963/1964 respectively to £5.9 million in

1968/1969. However, Akintoye (2008) noted that in the year 1975, the Federal government established seven more universities and also took over the existing four states universities. He noted that this announcement made the total number of universities under the federal government's control to be thirteen (13) universities and according to Ayo-Sobowale and Akinyemi (2011), the 1975 period marked the beginning of the problem of university funding in Nigeria. Aina (2007) noted that after the 1975/1976 session, Amadu Bello University (ABU) for the first time, recorded a sharp fall of 20 percent in the amount requested. He emphasized that resources are allocated because they are limited in supply relative to the need claims, thus, funds allocated to public universities in Nigeria, represents a cost of the economy because there was a fierce competition and politics in every setting and strata of university system to attract a lion share. According to Obasi & Asodike (2007), the bulk of government allocation which represents (90%) to education is spent in recurrent expenditure as dictated by the government through its monitoring agencies. However, Micaiah (2014) [13] submitted that the remaining (10%) is shared among educational services and healthcare facilities which is under the direct control of the various universities. Adeniyi (2008), noted that the subvention received by the universities from the Federal Government is inadequate in meeting their financial demands. This is because the universities are affected by the unstable economic conditions as well as other government policies on the management of funds allocated to the universities system, hence the need for strategies for effective fund management. Ayo-Sobowale & Akinyemi (2011) noted that there is need for radical changes in universities system and its administration, especially in the areas of funding since education is an instrument for enhancing socio-economic development and national viability. It therefore becomes necessary to adopt strategies for effective fund management of funds allocated to the public universities.

Funding: Annual Budgetary Allocation to Education in Nigeria (2014-2023)

Data and Analysis of the Federal Government of Nigeria's Budgetary Allocation to Education between 2015 and 2022," pegged the federal government's budgetary allocation to education at 5.39 percent, accounting for N923.79 billion out of the total budget of N17.13 trillion. This revealed that the 5.39 percent was a 50 percent reduction from the 10.79 percent allocated to education in 2015. "The Federal Government's 2022 budgetary allocation to education is 5.39 percent, which is N923.79 billion out of the total budget of N17.13 trillion. This is being expended on personnel (N662.7 billion), overheads (N38.8 billion), and capital expenditure (N222.2 billion). The 5.39 percent allocation is not only a minuscule 0.29 percent increase from the 2021 budget in which 5.68 percent was allocated to the sector; it is the lowest percentage allocation to education by the Federal Government in the last ten years. Further considering that the 5.39 percent is a 50 percent reduction from the 10.79 percent allocated to education in 2015, a comparative estimate of the Naira value of these percentages, when subjected to dollar exchange, shows only a slight difference between the 2015 allocation and that of 2022.

Nigerian Universities education funding is still below international best practices as recommended by United Nations Economic and Social Commission for Africa (UNESCO) of 26%. The establishment of universities was not just to facilitate access but it was a

response to the country's desire to be integrated into the modern knowledge economy. This development increased enrollment, but without adequate planning, there has been a downward trend in the funding of universities in the country. For example, the Nigerian Government controls universities through the National Universities Commission which among others allocates funds to universities where the then Nigeria's President, Muhammadu Buhari approved the 2023 financial disbursement to publicly tertiary institutions, Universities, Polytechnics and Colleges of Education (CoE), in Nigeria in line with Tertiary Education Trust Fund (TETFund) approved guidelines the sum of N320,345,040, 835. (Three hundred and twenty billion, three hundred & forty-five million. Forty thousand, eight hundred & thirty-five Naira only). Based on this, each university will receive, for the Year 2023 intervention cycle, the total sum of N1,154,732,133.00.

The fund comprises N954, 732,123.00 as annual direct disbursement and N200 million as zonal intervention. Similarly, each Polytechnic shall get N699,344,867.00 comprising of N569,344,807.00 as annual direct disbursement and N130million as zonal intervention, while each College of education receives N800,862,602 comprising of N670,862,602.00 as annual direct disbursement and N130million as zonal intervention as the funds represent the highest disbursement to each beneficiary institution, since the inception of the Fund. **Between 2015 to date (8 years), the total sum of N1,702trillion has been disbursed as Education tax collection to public universities, polytechnics and colleges of education compared to a total sum of N1.249trillion disbursed from the inception of the Fund in 1993 up to 2014 (21 years).** This resulted in an increase in education tax from 2.0% to 2.5% in the year 2021. In 2022, the then President approved the sum of 189billion Naira for the public Higher Institutions which represented 80percent. Against the backdrop of the Academic Staff Union of Universities, ASUU, strike, the educational sector received its lowest budgetary allocation in 2023.

For example, the United Nations Educational, Scientific and Cultural Organization (UNESCO) benchmark of four to six percent of Gross Domestic Product (GDP) or 15 to 20 percent of public expenditure. Considering that education is on the concurrent list in the Nigerian Constitution, to ascertain the percentage of total public expenditure on education in Nigeria, different sources of funds must be put into consideration, such as budget allocations by States and the Federal Government, and the Tertiary Education Trust Fund (TETFund), among others. This data, however, only shows the Federal Government's allocation to education as this show the negative cascading effects of the low budgetary allocation to education by the federal government. The need for better funding of FG owned public universities is one of the many issues causing the seemingly endless strike actions by the Academic Staff Union of Universities, ASUU. an increase in education budgeting will mean that more schooling population across Nigeria can access free, safe, and quality education, while increasing the chances for uptake of secondary and tertiary education. Governments' investment in education is not only in fulfillment of its obligation to fulfill the right to education, it is strategic, as investing in education is directly linked to, among others, reduction in poverty and crimes, as well as improvements in Nigeria's economic potential and capacity for national development.

According to Ostapenko (2023), though the world has witnessed dramatic changes in the last decades of the 20th and 21st centuries in which Nigeria Universities are not excluded in terms of poor funding. These changes are a response to a worldwide phenomenon of rising cost of university education in excess of the corresponding rates of increase of availability revenues. In order to cope with government funding reduction, universities worldwide now generate additional sources of fund through strategies.

From educational perspective, underfunding is seen as a phenomenon deeply rooted in the social, economic and political structure of the society. As a result, the educational system which serves as important element in the structure is not entirely independent but it is also subjected to the influence of other elements within the structure and in particular, the economic system which provides the nexus on which other element in the social system revolve.

However, funding theory which was advocated by J.S Mills in 1945 and popularized by Okebukola (2002) noted that funds allocated to organisation depends on the demand and supply of labour which is expressed between population and capital, while the population refers to the working class/force and the capital refers to circulating or recurrent expenditure for the expansion of an organization. The fund theory equally argues on the quantity of the working capital and people who are employed in an organisation. According to Adeniyi (2008), fund theory refers to the amount of capital that an employer of labour provides against unforeseen circumstance.

From the above fund theory, universities are at liberty to operate within the frame work of working capital considering the staff strengths of the university since the university system is an organisation operating within the status quo. Funds allocated to public universities should be able to solve the problems facing such university considering capital and recurrent expenditure. According to Okebukola (2002), subvention either from federal or state governments should be directly spent considering the number of staff and the volume of recurrent expenditure in yearly basis. Judging from the present Nigeria economy, subventions either from federal or state government has some procedures which serves as bottleneck and sometime reduces the budgeted amount, thus, hinder smooth operation for effective management of public Universities. Consequently, challenges for effective management of public universities in Nigeria according to the researchers are caused by the following:

1. The deficiencies of university administrators: university's administrators both at Federal and State level are appointed on party loyalty and not minding the necessary training required managing such positions and as such the university funds are not managed in the interest of the university but for personal gain.
2. Lack of government full commitment: Government either at Federal or State level no longer bear full financial support of her university education. Consequently, there is sudden onset of understanding of the university system at present due to the depression in the country's economy evident in the subsidy removal with rising cost of living.
3. Environmental challenges: The Nigeria universities suffer environmental challenges especially universities in Northern Nigeria where there are cases of Boko haram, kidnapping and hostage taking of Academic Staff and students. To this end, Bamiro &

Adedeji (2023) noted that Nigerian Government spends just 0.1 percent on research, while Federal and State universities spend only 1.3 percent of their budgets on research. This according to them poses a serious challenge for national development, because research constitutes a veritable catalyst for the effective management of public universities.

Conclusion

It is important to understand that autonomy is entrenched in the Universities Miscellaneous Provisions Act (UMPA). University autonomy especially financial autonomy has been a matter of discourse in Nigeria particularly in academic circles and institutions of higher learning without it, quality of teaching and research are constrained. Universities are seen as reservoir of knowledge all over the world, and it will be rendered inactive if the financial autonomy is curtailed or tampered. Granting full financial autonomy will give individual universities power in the area of its finances, such as review of university tuition fees and other benefits but the implication will be school fees will be higher

Recommendations

In view of this, effective and efficient financial autonomy is dependent on the:

1. Availability of education system in Nigeria to provide quality education, the country needs efficient fund management in the school as the effective utilization of funds is very crucial in the operation of the financial tertiary autonomy in order to achieve its set goals.
2. Government should limit its role to policy framework, regulation and recreation to strengthening of institutions like NUC, TETFund, education bank, scholarships and student loans to address the multifaceted challenges of university education.
3. Government and critical stakeholders should review university autonomy laws to appropriately address funding, including staff remuneration, institutional governance, as well as the issue of internally generated revenue.

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