ALLOCATION OF FINANCIAL RESOURCE TO ENHANCE EDUCATIONAL PRODUCTIVITY AND STUDENTS' OUTCOMES IN NIGERIA

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Abstract

This study examines the allocation of financial resource to the education industry and how it enhances productivity and students' outcomes of the secondary schools' students in the Unity Colleges in Ogun state. It adopted ex-post factor research design and purposeful sample and sampling technique for the study. Scholars' opinion on financial resources allocation was cited in the study literature reviewed. In addition, a brief history of financing education was made in the study which was traced to the pre-colonial era, colonial era and the present dispensation. Few recommendations were made regarding how to allocate resources to the education industry in Nigeria.

Keywords: Allocation, Financial resources, Educational, Productivity, Students' learning outcomes, Federal Unity Colleges, Nigeria.

Introduction

Money plays a significant role in the life of every individual, group of individuals and even in organizations, being a purchasing power for the procurement and maintenance of the other educational resources. Adequate funding of the education industry (Basic, Post-basic, and Tertiary Institutions) and a well utilization of the available financial allocation make the industry to develop. It enables the system to function smoothly, effectively and efficiently at all times in its productivity and the students' learning outcomes.

The beginning of western education in Nigeria dated back to 1842. By this time, Nigeria paid no cognizance attention to funding of education at all, although the nation was under pre-colonial dispensation. The Christian Missionaries such as Methodist Missionary (Wesleyan), Church Missionary Society, Roman Catholic Mission to mentioned but a few were the ones responsible for the financing of their schools, hence they established them. The year 1872 marked the beginning of government involvement in funding education in Nigeria, through the grant-in-aid as a form of financial assistance to the missionary schools (Olagboye 2004).

Funding is money which a government or an organization provides for a particular purpose. Therefore, funding in education can be attributed to the amount of money being allotted to the educational sector by the government towards the sustainability and maintenance of the sector in attaining and achieving its goals and objectives. This paper examines how financial resources are being allocated to the education sector, especially the Federal Unity Colleges in Nigeria in order to enhance educational productivity and better students' learning outcomes. The Federal Unity Colleges are secondary schools owned and established by the federal government of Nigeria across the 36 states of the federation including the federal capital territory (FCT), Abuja. There are a hundred and four (104) of such colleges throughout the federation and one of the reasons for their establishment is to promote the country's principle of national integration.

In this study, an attempt was made to define financial resource, sources of funding education, managing educational funds and discussion of result of the findings based on the recurrent allocation released to the three Federal Unity Colleges in Ogun state, Nigeria

Literature Review

Financial resource is the monetary resource which serves as a means of acquiring all the other educational resources. Its availability and mobilization is of great importance to any education industry. The financial position of an institution has a lot to do with the continuity/existence of the institution.

Ogunlade (1989) cited in Campbell (2010) identifies four major sources of financing public higher institutions. They include:

- Grants from federal and state governments, constituting more than 98% of the current cost and of the capital cost.
- Students' contribution towards living expenses on campus constituting less than 1% of the total operating cost of the institutions.
- Private contributions by commercial organizations in the form of occasional grants for specific research purposes.
- Interest earnings on short term bank deposits and rents of university properties.

Olowu (2002) cited in Olowoye, Oludotun, and Adetayo (2005) emphasized that fund is a crucial prerequisite which enables an organization to maintain itself effectively and meet its commitment to individuals and groups who consume its output of goods and services. He further stated that absolutely nothing can be done in the whole world without the availability of adequate funds. Funds are financial resources which are the monetary input available for and expended on the education system.

Baker (2012) stated that an average, aggregate measure of per pupil spending is positively associated with improved or higher students' learning outcomes. In some studies, the size of this effect is larger than in others and, in some cases, additional funding appears to matter more for some students than others. There are other factors that may moderate the influence of funding on students' learning outcomes, such as how that money is spent – in other words, money must be spent wisely to yield benefits. Schooling resources which cost money, including class size reduction or higher teacher salaries, are positively associated with students' learning outcomes. Again, in some cases, those effects are larger than others and there is also variation by student population and other contextual variables. On the whole, however, the things that cost money benefit students, and there is scarce evidence that there are more cost-effective alternatives. Sustained improvements to the level and distribution of funding across local public school districts can lead to improvements in the level and distribution of students' learning outcomes. While money *alone* may not be the answer, more equitable and adequate allocation of financial inputs to schooling provides a necessary underlying condition for improving the equity and adequacy of outcomes. The available evidence suggests that appropriate combinations of more ade

quate funding with more accountability for its use may be most promising.

Education is described as an instrument per excellence for effecting national development (National Policy on Education (FRN), 1998) cited in Olowoye, Oludotun, and Adetayo (2005). It requires a lot of financial resources; hence its demand is always on the high increase.

Durosaro and Fasasi (2009) asserted that funding of education constitutes an important aspect of public finance due to the fact that the federal, state and local governments are involved in its provision and management. It also constitutes a vital aspect of private investment because voluntary organizations and individuals are involved in it.

Ayeni (2003) cited in Oyesiku et al (2009) opined that all forms of educational planning involve some expenditure analysis and that the trends of the entire education system can be projected through funding. Igbuzor (2006) noted that one major question about financing education is who should finance education? The argument has always been whether the cost of education should be borne by government or by individuals receiving the education.

The first group in this argument is made up of those who argue that the cost of education should be borne essentially by parents with government providing the enabling environment. They are of the view that education should be subjected to free market discipline. This group posits "that families and individuals are supposed to pay fees in order to access nominally available public services, otherwise these services would not be available or their quality would become unacceptably low." The problem with the position of this group is that those who are poor will not be able to pay and they will be denied access to education. Education is one of the public services being a social demand that is non-profit oriented services or businesses.

The second group argues that education is a right, which must be funded by government. They argue that there are enough resources in the world to fund at least the basic education for all children. They posited that the problem is that of corruption, misplacement of priorities, inequality and poor policy choices. They argue that education should not only be free but also compulsory. They are of the view that government should bear all the costs because even if the direct costs of education are borne by government, the indirect costs (such as uniform, transport and school meals) may be beyond the capacity of the family while the opportunity cost may be impossible to bear. They argue that no right could exist without corresponding government obligation and that government is obliged to make education available, accessible, acceptable and adaptable.

The third group deposited that education is a right and government must not only endeavor to remove all the barriers to education but must also take steps to utilize to the maximum its available resources. They argue that there are three layers of obligations in matters of social and economic rights: **obligations to respect, protect and fulfill.** The obligation to respect requires states to refrain from interfering with social and economic rights e.g. refrain from forced eviction. The obligation to protect requires states to prevent violations by third parties, for example, ensuring that private employers comply with labour standards. The obligation to fulfill requires states to take appropriate legislative, administrative, budgetary, judicial and other measures towards the full realization of such rights.

Sources of Funds to Education

Sofoyeke et al (2012) emphasize the following as sources of funding education in Nigeria. They include:

- Federal Ministry of Education/State Ministry of Education/Local Government. The Universal Basic Education Commission (UBEC) is a parastatal to FME in charge of basic education while State Universal Basic Education Board (SUBEB) is a commission under the states.
- Education Tax Fund (ETF)
- International Development Partners such as :
- ✓ World Bank
- ✓ United Nations Educational, Science and Cultural Organisation (UNESCO)
- Non-governmental organizations:
- ✓ British Council
- ✓ United States Agency for International Development (USAID)
- ✓ Community Based Organisations
- ✓ Parents /Teachers Association (PTA)
- ✓ Individual Philanthropists
- ✓ Old students'/Pupil Association
- ✓ Alumni Associations
- ✓ Corporate Organizations e.g. Banks, Multinationals, Companies like MTN, Glo, Cowbell, Mobil, Shell, Chevron etc.
- ✓ Fund raising for financing educational projects from private or owners' Capital
- ✓ Loans from financing institutions, development banks
- ✓ Levies/tuitions
- ✓ Internally generated revenues by institutions.

In addition, National Institute of Educational Planning and Administration (NIEPA, 2012) categorizes sources of funding education into two viz:

a). **Capital Cost Allocations** These include allocations for classrooms and other building construction.

b). **Recurrent Cost Allocations** These include the following:

- ❖ Immovable capital improvement and repair costs, which relate to maintenance and repairs to buildings
- ❖ Easily separate recurrent costs, which include supplies and services to the school
- ❖ Other recurrent and small capital equipment cost, including learning materials to learners (books, stationery etc)
- ❖ Hostel costs, where the recurrent cost allocations (transfer payments) are targeted as far as possible on the basis of need. This is determined on the basis of physical condition, facilities and crowning of the school, as well as the relative poverty of the community around the school.

Olowoye, Oludotun, and Adetayo (2005) identified the under listed as the various sources of funding education in Nigeria:

- Allocations from government
- Levies
- School fees
- Taxes
- Loans
- Endowment and Scholarship
- Philanthropists
- External/International Assistance

Having identified the sources of funding education in Nigeria, it is necessary to examine how these funds are being managed in ensuring effectiveness in the utilization to meet the attainment of educational goals or objectives. Therefore, this leads us to managing the education funds.

Recently studies showed that at least 80 percent of most school budgets are spent and within school sites for a wide range of student services such as instruction, school leadership, counseling services, supplies, and materials (Odden & Archibald, 2001).

Managing the Education Funds

All the efforts put in place to generate funds will become valueless if such funds are not effectively and efficiently managed. However, when resources are not well managed it becomes a waste and to guide against such, it is necessary to put on ground planning strategies such as Budgeting, Auditing, Financial Rules and Regulations, Financial Records, Financial Accountability etc.

Budgeting

Alani (2002), cited in Olowoye, Oludotun, and Adetayo (2005), observes that budgeting is the first step towards managing education funds. This prepares an annual budget for the education. The budget is a financial plan indicating the revenue needed and expenditures that will be incurred in the period being budgeted. It allows funds to be directed to specific activities. It also ensures that fund expenditures are coordinated and not misappropriated.

Bisschaff (1997), cited in NIEPA (2012), affirms that budget is the mission statement of the education expressed in monetary terms. Budget is described as a management task or process reflecting the revenues and expenditures of various programmers in education, which is related to the financial planning of the education programmed.

NIEPA (2012) listed the following as the budget system:

- **Operating/Cash budget T**his type of budget covers the day-to-day operations of keeping the education programme on track. It includes things like materials, services, stationery and repairs.
- **Activity/Departmental budget** This covers the various activities (curricular as well as extra-curricular)
- **Capital budget** This covers the purchase of certain assets for the use in the educational sector e.g. transport and equipment.
- **Project budget** This covers large projects that are planned by the education ministry

It further categorizes budget into three as listed below:

- **Zero-budget** This is the most comprehensive form of budgeting, where each of the expenses in an education sector is re-evaluated and re-considered each year.

- **Incremental budget** The governing body builds the yearly budget on the previous year's budget.
- **Activity- based budget** This focuses on the importance of the school activities.

Auditing All the education sectors should have a system of internal auditing of all expenses before payments are made. This should check all books of account at least once a month to reconcile collections with deposits. Auditing will guide against waste and fraud.

Financial Rules and Regulations For efficient management of funds, the manager should ensure the existence of financial rules and regulations which must be followed strictly on all issues bordering on acquisition and release of funds. This may include:

i. Money should be collected oly by the authorized personnel,
ii. All monies collected in cash and in cheque should be deposited in the bank within twenty-four hours,
iii. All payments must be approved by the manger,
iv. Money set aside for capital assets must be used for recurrent expenses and vice versa,
v. Cash advances must be retired within 30 days
vi. All cash advance request must be supported with relevant documents
vii. Money for recurrent expenses should be deposited in savings account or call deposit account
viii Quotations or tenders must be obtained from not less than three suppliers of equipments before purchases are made.

In conclusion, financial rules and regulations should not be static but be reviewed from time to time.

Financial Records keeping One of the ways of managing funds is to keep adequate financial records. These records include the account books, budget file, impress register, fees register, bank statement file, payment vouchers, local purchase order (LPO) and the cheque book.

Financial Accountability The manager must be honest and above board in the management of funds. The manager is expected to prepare the statement of account on income and expenditures and send copies to all stakeholders of the education industry.

Odden and Archibald (2001) from the Consortium for Policy Research in Education (CPRE), describe what schools do to reallocate resources in response to higher standards. They emphasized that complex, large-scale change processes are required to support improved student performance. Schools must address regular instructional programmes as well as special programmes and have available resources required to implement various strategies in helping students' academic performance. The CPRE researchers concluded that schools can pay for new education programmes. These include re-allocating resources from pull-out programmes to regular classes, increasing planning time with innovative scheduling, expanding roles for teachers, and reducing the number of pupil support specialists (counselors, social workers, etc.). In short, the strategies they offer focus on resource reallocation by staffing categories.

Methodology and Procedures

The study adopts ex post factor research method, which allows for the systematic collection of the financial resources allocated to the affected Federal Government Colleges in Ogun state, Nigeria for the year 2013

Results

Table of Financial Allocation to the Three Federal Unity Colleges in Ogun State for the Year 2013

CODE	MDA	TOTAL PERSONNEL COST	TOTAL OVERHEAD COST	TOTAL RECURRENT	TOTAL CAPITAL	TOTAL ALLOCATION
0517026075	FGGC SHAGAMU	243,555,291	95,010,970	338,566,261	50,000,000	388,566,261
0517026082	FSTC IJEBU-IMUSHIN	215,710,632	74,735,309	290,445,941	204,761,904	495,207,845
0517026024	FGC ODOGBOLU	256,836,879	86,719,313	343,556,192	200,000,000	543,556,192

Source: Budget Office of the Federation- Federal Ministry of Finance (2013) FGN Budget proposal.

Looking at the above table, it gives an account of the financial allocation released to the three Federal Unity Colleges in Ogun State, Nigeria. The total allocation benefited from the federation account by these schools stands at One billion four hundred and twenty-seven million three hundred and thirty thousand two hundred and ninety eighty naira only (N1, 427, 330,298). Out this stated amount Federal Government Girls College, Sagamu received three hundred and eighty eight million five hundred and sixty-six thousand two hundred and sixty-one naira (N388, 566,261) representing 27.22% of the total allocation. Federal Science and Technical College, Ijebu-Imushin received four hundred and ninety-five million two hundred and seven thousand eighty hundred and forty – five naira only (N495,207,845) representing 34.7% and Federal Government College, Odogbolu was allocated five hundred and forty-three million five hundred and fifty-six thousand one hundred and two thousand naira only(N543,556,192) which represents 38.08%. It shows that Federal Government College, Odogbolu was allotted much allocation than the other two schools in the state.

Conclusion

The study examined the financial resource allocation as it enhances educational productivity and outcomes in the three Unity Federal Colleges in Ogun State, Nigeria, namely Federal Government Girls College, Sagamu, Federal Government College, Odogbolu and Federal Science and Technical College, Ijebu-Imushin.

The study adopted ex post factor research method and result indicated that the Federal Science and Technical College, Ijebu-Imusin was with the high percentage of 38.08%. (that is five hundred and forty-three million five hundred and fifty-six thousand one hundred and two thousand naira only), meaning that much productivity and students' outcomes is expected from the school. Therefore, this collaborates with the opinion of Diane Pan Zena H. Rudo, Cynthia L. Schneider, Lotte Smith-Hansen (2003). Resource allocation studies suggest promising practices for schools. Hanushek (1994), cited in Diane Pan Zena H. Rudo,Cynthia L. Schneider, Lotte Smith-Hansen 2003), takes the position that education decision makers should be disciplined to examine their practices through evaluation and cost-effectiveness analysis. He suggests that in the absence of evidence about which inputs affect student performance, schools should use incentives to stimulate improvement. This includes performance incentives for innovative practices like parental choice and incentives to target programmes more effective in meeting student needs. It could also be observed that the financial allocation released to these colleges cover total personnel cost and total over head cost.

Recommendations

The following recommendations are suggested in order to improve productivity and students' learning outcomes:

- The schools administrators should cultivate the idea of planning ahead before the financial resource allocation from government at the centre are released.
- The administrators should look inward for other sources of funding their various schools
- The school administrators should build a better relationship between their schools and the host communities of the schools
- The administrators should ensure all payments are made through banks
- The administrators should also cultivate the attitude of raising vouchers for all payments
- The administrators should work on budget operation at all times.

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