

Funding of Tertiary Institutions in the Era of Global Economic Challenges

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Senior Members

THEME:

**“Sustainable Development of Tertiary Institutions in Ghana
amidst Economic and Security Challenges”**

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1.0 TERTIARY EDUCATION SCENE IN GHANA

- The state of Ghana has been providing tertiary education for its citizens since the late 1940's with the establishment of the University of Gold Coast, now University of Ghana.
- Currently, according to the National Council for Tertiary Education, there are one hundred and eighty-seven (187) tertiary institutions accredited by the National Accreditation Board as at 31st March 2015.

TERTIARY EDUCATION SCENE IN GHANA CONT.

Institution	Number
Public Universities	9
Polytechnics	10
Public Degree Awarding Institutions	6
Private Tertiary Institutions	63
Public Colleges of Education	39
Private Colleges of Education	7
Regionally owned Tertiary Institution	1
Tutorial Colleges	11
Public Colleges of Agriculture	3
Public Nursing Training Colleges	19
Private Nursing Training Colleges	5
Registered Foreign Institution	14
Total	187

2.0 OBJECTIVES OF TERTIARY EDUCATION

The Institutions of Tertiary Education have been established for the following purposes:

- 1. Provision of higher and tertiary education to the youth of the country.**
- 2. Training of skilled man power in the provision of service to the state.**
- 3. Promotion of knowledge and technology through research to find solutions to the problems of society.**

3.0 ACCESS TO TERTIARY EDUCATION IN GHANA

- In the era of global economic challenges access to tertiary education has become quite difficult in many developing countries including Ghana.
- It is the expectation among the population that as per the 1992 constitution, access to tertiary education should be made easy and available to all young men who complete secondary education.
- This situation is measured by means of Gross Enrollment Ratio (GER).
- This ratio determines the percentage of the population of the country aged between 19 and 25 who are in tertiary education.

THE EXPECTATIONS IN THE MILLENNIUM DEVELOPMENT GOALS ARE THE FOLLOWING:

Country	Time	2010	2011	2012	2013
Millennium Development Goals Regions	
World		29.3377	31.04485	32.27897	32.88328
Developed countries		73.6443	75.16186	75.42639	73.55221
Developing countries		22.4636	24.27698	25.72411	26.68144
Caucasus and Central Asia		25.7039	25.1318	24.85837	24.8381
Latin America & the Caribbean		40.8573	42.3170	43.4094	43.8837

THE EXPECTATIONS IN THE MILLENNIUM DEVELOPMENT GOALS ARE THE FOLLOWING:

Country	Time	2010	2011	2012	2013
Northern Africa		29.7498	28.27947	29.15431	30.81663
Sub-Saharan Africa		7.9557	8.2048	8.3217	8.5482
Western Asia		34.0091	36.2321	40.7065	44.8739
Eastern Asia		25.4784	26.5884	28.9605	31.9815
South-Eastern Asia		26.9378	28.7314	30.3331	30.7489
Southern Asia		17.4263	21.3758	22.8455	22.8255
Oceania	

ACCESS TO TERTIARY EDUCATION IN GHANA CONT.

- **The World Bank has provided a table showing gross enrolment ratios in most Countries in the world. The full table is reproduce in Appendix I.**
- **However, the following countries have been selected from the table:**

Indicator				
Country	2010	2011	2012	2013
Benin	13.26001	12.36512	..	..
Botswana	16.99359	17.90703	..	24.83422
Burkina Faso	3.57959	4.14664	4.56077	4.78054
Cameroon	11.02242	11.90675	..	..
China	23.32153	24.32841	26.70000	29.69645
Congo	..	9.06463	10.36444	9.63021
Côte d'Ivoire	8.35915	..	4.46391	9.10258
Cuba	95.00228	80.29585	62.4513	47.77119
Democratic Republic of the Congo	..	8.1253	8.23363	6.90234
Egypt	33.46806	28.7532	30.05602	32.92702
Ghana	..	12.07963	12.19913	14.33394
Guinea	10.2789	10.43145	9.93176	10.43511
Indonesia	24.88563	27.20455	31.51226	..
Liberia	9.29885	..	11.63836	..
Madagascar	3.60552	4.0057	4.08571	4.24586

Indicator				
Country	2010	2011	2012	2013
Malawi	0.7172	0.81415	..	..
Malaysia	37.13453	35.97491	37.20023	..
Mali	6.51419	6.86006	7.47441	..
Mauritius	34.173	36.0455	39.86482	41.20891
Niger	1.49683	1.55035	1.75417	..
Philippines	29.44935	30.94589	31.4763	33.84203
Republic of Korea	100.95611	100.8	..	98.37919
Sri Lanka	16.04246	15.0175	16.96746	18.7629
Sudan	15.17738	14.83619	15.13977	17.15376
Togo	9.11702	10.14691	10.31276	10.0423
Tunisia	..	35.22289	35.19931	33.68651
Uganda	3.91879	4.38132	..	..
United Kingdom of Great Britain and Northern Ireland	60.50796	61.16683	61.88096	59.75674
United States of America	93.29339	95.33196	94.2767	89.08239
Uruguay	63.15235	..	..	..
Zimbabwe	0.01040	0.00470	5.01447	5.00500

ACCESS TO TERTIARY EDUCATION IN GHANA CONT.

- From the table above the GER of Ghana as at 2013 was 14.33%. The average for sub-saharan Africa in 2013 was 8.02%.
- This interprets as follows if fifteen (15) people entered basic school only two (2) of them will have access to tertiary education by 2013.
- The reason for this apparently abysmal situation is lack of adequate funding to improve structures and operation of tertiary education.

ACCESS TO TERTIARY EDUCATION IN GHANA CONT.

It is important to note that to increase access, the governments in the past had taken the following measures:

- 1. Develop new public universities in addition to the traditional three (3) universities.**
- 2. Convert Polytechnics which were second cycle institution into tertiary institutions.**
- 3. Make the universities non- residential institutions.**
- 4. Permit private tertiary universities into the Country.**
- 5. Introduced Distance Learning.**
- 6. Converted Teacher Training Colleges into Colleges of Education.**

ACCESS TO TERTIARY EDUCATION IN GHANA CONT.

- In spite of the above measures, institutions like KNUST receive more applications above their capacity every year.
- It has been observed that increased in access requires corresponding increase in funding to provide additional infrastructure as well as funding increased recurrent expenditures.
- It is general knowledge that increase in access without corresponding provision of funding could be said to be a deliberate action to compromise quality.

4.0 CHALLENGES IN FUNDING

- When tertiary education was introduced into the country, institutions were provided funding by government for five (5) years in advance to cover physical development, payment of staff salaries and funding of administration and service expenditures.
- Over the years, this reduced to three (3) months in advance and currently it is one (1) month in arrears if lucky to cover only recurrent expenditures.
- Capital expenditures came to almost zero prompting the introduction of GETFund, a special fund created to provide funding of capital requirements for the institutions at the moment it is understood that it is not able to function as expected.

CHALLENGES IN FUNDING *CONT.*

- Normally, it is the responsibility of students or their sponsors to pay for tertiary education they receive, but in Ghana nobody pays tuition fees in public institutions from basic to tertiary and in the recent past funding of students maintenance was also provided to students.
- As a result of provisions on tertiary education in the Country's constitution, students in tertiary institutions protest against any levy imposed on them.
- The Students Loan Scheme in some countries serves as a great source of income to the institutions since students can source the loan to pay their fees. In Ghana, this contributes zero to the funding of the institutions but rather provides funds for the maintenance of the students.

CHALLENGES IN FUNDING *CONT.*

- **The burden of financing teaching and learning has become very high for the institutions. The institutions are so overwhelmed by their attempt to obtain adequate funding that research funding is almost ignored.**
- **The institutions most often had have to resort to borrowing from banks at very high cost of interest as a result of delays in receiving funds from government.**

FUNDING GAP BASED ON NCTE COST - 2015

Source	No. of Students	Required Cost per Student GHS	Funding Requirement GHS
Universities	138,414	22,457	3,108,424,715
Polytechnics and others	100,843	17,966	1,811,740,856
Total Funding Requirement			4,920,165,571
Total Expected Revenue			1,971,274,109
Funding Gap (GHS)			2,948,891,462
Funding Gap (%)			60%

Source: NCTE Budget 2015

5.0 SUSTAINABLE FUNDING

- It is important that funding of tertiary institutions should be on sustainable basis. This means that funding should be:
- In adequate quantities to make it effective in meeting the funding requirements of the institutions in order that they will be able to maintain quality as well as improve on access.
- At regular intervals. This will enable the institutions to arrange their finances in such a way as to avoid cost of excessive borrowing and not default on commitments.
- Should be predictable in order to permit expenditure planning. Where it can be predicted that certain amount of funding will be received. Planning ahead of expenditures can occur thus permitting budgeting and budgetary control.
- In order to achieve this, strategic approaches must be adopted for revenue mobilization.

6.0 SOURCES OF FUNDING

There are two (2) major sources for revenue mobilization.

1. **Public Funding**
(57%) – (99% - Emoluments)
2. **Private Funding (43%)**

Source: NCTE Budget 2015

SOURCES OF FUNDING CONT.

1. Public Funding:

- This is in respect of funds received from the state by means of recurrent subvention, special research funds and investment expenditures in the form of physical development, provision of equipment for the laboratories, workshops, studios and libraries.
- In Ghana Government grants are by ways of monthly subvention to pay personal emoluments, administration and service expenditures. By an earlier agreement with the institutions at Akosombo, government was to provide 70% of funding requirements of institutions. Unfortunately, this never materialize.

SOURCES OF FUNDING CONT.

1. Public Funding:

- There used to be a grant for investment or capital expenditures which the institutions should applied to government for their infrastructure and equipment needs.
- Presently, it has been shifted to GETFund which should on application provide this type of funding to the institutions.
- The inadequacy of this public fund is in the fact that apart from personal emoluments they are not based on actual funding requirements of the institutions.
- The government treats the institutions like any MDA's where what is given has no bearing on real needs. This is making the institutions turn more and more to private funding.

SOURCES OF FUNDING CONT.

1. Private Funding:

- This covers fees and charges paid by students as well as donations from philanthropies. It is expected to be the traditional source of funding whereby the institutions operate as any business cooperation would and receive revenue from users of their services. However, the government by tradition wishing not to deny tertiary education to anybody on the basis of inability to pay has taken upon its self to pay for every student who enters tertiary education.
- Unfortunately, instead of basing the funding on fees per students raised by the institutions, the government pays salaries and almost nothing at all for anything else.

SOURCES OF FUNDING CONT.

1. Private Funding:

- This has led to congestion and run down of facilities therefore the institutions are turning more and more to charges to students to supplement its funding.
- In recent times the introduction of fee paying students has become a great source of revenue to the institutions.
- Internally Generated Funds (IGF) from sources like consultancy services used to be an important source but currently it is almost non-existing.

7.0 EXPENDITURES

There are three (3) state of affairs of funding

1. Inflows $>$ Outflows
(Surplus)

2. Inflows $=$ Outflows
(Break-Even)

3. Inflows $<$ Outflows
(Deficit/Shortfall)

EXPENDITURES *CONT.*

- **It has been noted generally that cost reduction is a viable source of revenue.**
- **The control and lowering of expenditures definitely free incomes for other uses.**
- **In Ghanaian Tertiary Education Sector, several expenditures as a result of service provision are not adequately controlled.**
- **For example free medical care to staff and dependents. This is where staff can have as many children as they like and in some cases have more than one spouse and yet manage to receive medical care from the university to cover all of them.**

EXPENDITURES *CONT.*

- **With regard to payroll for example, in some departments the staff do not teach or work the minimum stated hours and yet get full pay and also claim payment for extra work done in the form of overtime for the non academic staff and extra teaching load for the lecturers.**
- **It has been observed with a lot of interest that due to the expansive nature of the campuses, on average the non-academic staff out number academic staff in the ratio of 4:1 particularly in the Universities.**
- **It has been suggested in the past that outsourcing of services required such as security, vehicle maintenance etc could reduce cost and free revenue but its implementation has not been easy.**

EXPENDITURES *CONT.*

- In order to control expenses on the payroll which forms over sixty percent (60%) of the institutions recurrent expenditure, the government over 10 years ago directed that the Accountant General should take over the payment of salaries in all the institutions.**
- This could only be partially done as the Ministry of Finance and the Accountant General have not been able to provide the needed technology for the assignment.**

8.0 SOME INNOVATIONS IN REVENUE MOBILIZATION

Over the years, particularly, in the recent past many new ways have been found to improve revenue mobilization and if this is pursued in the appropriate direction, it could in a large extent reduce the burden on the struggling economy of the government. Some of the measures are:

- 1. The cancellation of maintenance allowance paid to university students.**
- 2. The non-residential policy which resulted in the retrenchment of the kitchen staff in the various students hall of residence.**
- 3. The introduction of user fees**
- 4. Introduction of fee paying students for foreign and local students.**
- 5. Introduction of Distance Learning.**

9.0 RECOMMENDATIONS

From the above, the following are suggested to be some of the ways to improve sustainability of funding of tertiary education in an era where economic difficulties are experienced by government:

1. Fee Paying Students

Fee paying students who currently constitute around 15% for both foreigners and Ghanaians must be increased with the view of generating more revenue for the institutions.

The various Colleges, Faculties and Departments must assess their funding needs and how much they will receive from public funding and decided as matter of urgency to form their budget around an increased percentage.

RECOMMENDATIONS *CONT.*

- It is felt that if the fees are not too high and forms for example a fraction of the NCTE determined fees per students it will attract many students to opt for fee paying thus helping to generate substantial amounts of revenue.**
- The institutions on the face of stiff competition in the country from among themselves should also not price themselves out of the market.**
- This will also mean that in order to attract students as fee paying, the programmes offered should be designed in such a way to ensure students in this time of graduate unemployment of their capability of gaining employment.**

RECOMMENDATIONS *CONT.*

- It is felt that all professional courses offered by the institutions should be fully fee paying to assist the brilliant but needy who cannot have access to these courses because of their inability to pay.**
- In order for the above not to be a hindrance to the needy students, the scholarship scheme as it is now, should be reviewed to be more effective in assisting the brilliant but needy students.**
- The Students Loans Scheme should be made to provide funding to cover the students school fees as well as their maintenance costs.**

RECOMMENDATIONS *CONT.*

2. Manpower Needs

It is believed that if the government is able as part of its planning programmes to assess the manpower needs of various sectors of the public service it will be the basis for providing effective scholarships and loan schemes to students. This will enhance private funding.

3. Specialization and Differentiation

Strategies should be adopted to ensure effective specialization and differentiation whereby similar courses and programmes will not be proliferated all over the institutions thus providing focus by the various institutions.

RECOMMENDATIONS *CONT.*

4. Cost Reduction

Conscious efforts should be made to achieve cost reduction so as to weed out inefficiencies in the systems and free revenue to fund effectively teaching and learning.

5. Funding of Research

If a special fund for research should be instituted to enable the academic staff to compete for funds to finance their research work. This should be in addition to the usual yearly allowance for individual research

6. Academic Staff Vrs Non Academic Staff

The staff recruitment practices should be reviewed to ensure proper balance between academic and non-academic personnel.

RECOMMENDATIONS *CONT.*

7. Effective Monitoring

The National Council for Tertiary Education (NCTE) should ensure proper monitoring of the operations of all public institutions to ensure compliance of performance indicators or norms which they have established to see to the effectiveness and efficient use of resources.

8. Internally Generated Fund (IGF)

Internally Generated Funds accruing to the universities from all sources should be harnessed and appropriately controlled to ensure that they are not abused particularly in compensating staff who are fully employed and enjoying their salaries and allowances. Those involved in the generation of this revenue should be remunerated purely on extra hours of service provided.

9.0 CONCLUSION

Funding of tertiary education is a responsibility of all stakeholders (Government, Students/Parents and Industries). Therefore the cost of tertiary education should be borne by all the stakeholders in order to achieve the objectives of tertiary education.

THANK YOU