Financing Higher Education in Sierra Leone: The Challenges and Implications on the Supply Side

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ABSTRACT: *Higher education finance has become a very serious challenge in providing quality delivery especially on the supply side. As the demand of higher education increases, there is an urge to increase the number of institutions providing higher education in Sierra Leone, so a balance would be maintained. The traditional education institutions are always faced with financial constrains triggered by the inability of the central government to meet fees subsidies in time and the delay on the parts of students to pay for services delivered. Considering the fact that there has been a lot of policy formation from the supply-side, it is prudent to assess the impact in terms of financial performance and sustainability of selected educational Institutions in Sierra Leone. The objective of this paper is to evaluate financial performance and institutional sustainability and risk of selected educational institutions in providing services to students. Have educational institutions been performing financially and are they sustainable? The study uses a case of three (3) institutions within the Universities of Sierra Leone. The institutions selected were part of the University of Sierra Leone before and after 2005 with more than 20,000 students and more than 10 academic faculties. The quantitative approach was used for this study, both primary and secondary date was collected from the selected sample. The study shows that higher education institutions are underfunded and not sustainable. Government should allow higher education institutions to charge economic fees or pay subsidies on time.*

KEYWORDS; Higher Education in Sierra Leone, Financing Higher Education in Sierra Leone, the Cost of Education in Sierra Leone, Challenges of Higher Education

INTRODUCTION

The funding of higher education is a large and complex task. It is complex in part because of its multiple sources of revenue and its multiple outputs, or products, which are only loosely connected to these different revenue sources. Furthermore, these revenue and expenditure patterns vary significantly by type of Institution University and college, mode of governance public or private, and state. Within the private sector, expenditure levels as well as patterns of pricing and price discounting vary greatly according to institutional wealth and the depth, demographics, and family affluence of the applicant pool (Casement, 2013). In the public sector, these patterns also vary

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according to state funding levels, tuition policies, and enrollment limits that are set by state governments or public governing boards.

Finance underlies much of the three overarching themes of contemporary higher education policy: quality, and the relationship between funding and quality in any of its several dimensions; access, or the search for social equity in who benefits from, and who pays for, higher education; and efficiency, or the search for a cost-effective relationship between revenues, particularly those that come from students, parents, and taxpayers, and outputs; whether measured in enrollments, graduates, student learning, or the scholarly activity of the faculty (Casement, 2013). Although this area concentrates on Sierra Leone higher education, the financial principles and problems are much the same worldwide.

The Sierra Leone approved 2014 budget which is being implemented states clearly the aspirations of the government to support higher education, but the question is; would the amount of subsidies, grants to students be sufficient to address the high cost of quality education? Considering the current economic conditions in Sierra Leone especially during the last four years, the country has suffered from the struck of Ebola that led to austerity measures, flood and barely two weeks ago, mudslide and landslide. These certainly have devastating consequences on the economy.

Overall, the GOSL has maintained its commitment to funding the higher education sector over the last 6 years, with a significant increase in funding in 2012. GOSL allocated an average of 0.65 percent of GDP to higher education between 2007 and 2012, which is about the same as other low-income countries in Africa. The large increase in 2012 was as a result of negotiated salary increases for staff of HTEI, and it is unlikely that that level of growth will be sustained.

Table 1. Public expenditure on higher education – amount, growth rate, and as a percentage of GDP, 2007

Year	Public current expenditure on Tertiary Education in billions of Leones	Annual growth of current expenditure (%)	Public current expenditure on Tertiary education as (%) of GDP
2007	27.5		0.62%
2008	29.5	7	0.58%
2009	37.7	28	0.72%
2010	43.8	16	0.64%
2011	49.3	13	0.63%
2012	105.8	114	0.73%

Source. Ministry of Finance and Economic Development (2012) GDP for 2012 is an estimate

The priority given to higher education in relation to the other sub-sectors is slightly higher than other countries that have similar primary completion rates to Sierra Leone, indicating a strong commitment to funding higher education. Before the 2012 increase in funding, public expenditure on tertiary education

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accounted for between 18-20 percent of total public current expenditure on education; in 2012, it increased to 23 percent.

Government spending per tertiary education student is high compared to the other sub-sectors. As seen in expenditure per tertiary student is 18 times the spending per primary school student and 131 percent of per capita GDP.

Table 2: Public Expenditure per Student in Leones and as percentage of GDP, 2012

	Primary	Secondary	Tertiary
Total Exp. In Millions	Le 232,944	Le 114, 181	Le 110,139
Enrollment	1,249,947	400,787	31,813
Cost per student Leone	187,963	284,893	3,460,084
As percentage of GDP per capita (%)	7.1	10.8	130.9
Ratio to Primary	1	1.5	18.4

Source: Finance data from MOFED and Education Data from MEST

The University being a public entity is required by law to generate its own resources through research, consultancies and tuition fees but considering the aforementioned the University of Sierra Leone is constrained in meeting students' and staff expectations. This is due to the fact that government subsidies to tertiary institutions is not only paid late but most importantly is never enough to address higher educational costs. Hence it is a challenge not only to the government to finance higher education but also the tertiary institutions especially the University of Sierra Leone that currently accounts for almost least twenty thousand students, majority of whom are beneficiaries of the government. It is however a plausible idea for the government to finance higher education owing to the fact that students as well as parents/guardians would hardly pay the required fees approved by the university's committee because of low income earned and the high rate of unemployment.

This study basically examines the funding requirements of selected universities as against the financial input from stakeholders within the educational system. The basic objective is to assess financial sustainability.

Statement of the Problem

The large number of qualified students missing opportunity to pursue university education is largely due to inability of the government to put up facilities or afford financial assistance to pay direct and indirect costs of higher education tuition fees, books, and living expenses. Thus, there is need to

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find solutions aimed at increasing transition of students qualifying for university admission. The question that should be answered is: What form of higher education students' financing should Sierra Leone government adopt? The study therefore sought to determine sustainable university education financing system that can be adopted to support qualifying university students in Sierra Leone.

Research Objectives

The rationale for this study is centered around the scope for exploring avenues to open up critical discourse(s) for improving competitiveness amongst HE institutions in Sierra Leone, more so in enabling the output of graduates to be measured at a competitive level through the marketization of qualifications on a global scale. The country has lagged immensely when it comes to research outputs, but seemed to be making good strides in the mass production of first level qualification (bachelor degrees), and for which gaps in standards are clearly visible (Guerrero and Urbano, 2014).

On this note, the desired objectives of the study are outlined as shown below:

- Assess the financial performance of selected Universities in Sierra Leone with respect to funding and expenditure outlay.
- Assess to extent to which financial assistance/subsidies help towards the realization of the university's mission statement;
- Propose realistic recommendations to fund a sustainable higher education quality delivery in Sierra Leone.

LITERATURE REVIEW

Financing Higher Education in Sierra Leone

Sustained and efficient financing of higher education is the cornerstone of a well-functioning higher education sector, and it is one mechanism by which governments can ensure that the higher education system is delivering outcomes that are relevant for the social and economic advancement of the society (Guerrero and Urbano, 2014). .

Higher Education (HE) institutions across the world are making an impact in all corners of an economic system (both the public and corporate establishments), particularly in areas like growth in quality of manpower level, with the potential of creating high level of competitiveness in all sectors of an economy. It is assumed that such situation should be a norm, but a country (Sierra Leone) where governance (both at state level and university strategic administration) have more or less turned blind eyes on the relevance of quality assessment in teaching / learning and research output, it is obvious as to the reason why the once acclaimed Athens of learning in the West African sub-region, is no longer capable of featuring in the top or even the lower quartile of the continental league table of university ranking based on research output (University Web Rankings, 2015). Sierra Leone is faced with tremendous challenges, and to name a few, weak macroeconomic outlook in terms of constrained revenue signify that very little is invested in education to enable improvements to be recognized as evidenced in a 3.5% spending of the country's GDP on education in comparison to 3.9% average for all 'Least Industrialized Nations [LICs]' (Government of Sierra Leone Ministry of Education & Technology, 2013).

According to Jackson (2015), higher education competitiveness is globally marked by a standardized system / benchmark, and one way through this is by the 'Quacqarelli-Symonds (QS) World University Ranking'; a virtual listing of university positions grouped into classification of the best ranked universities, at world and regional level based on research outputs. Quacqarelli-Symonds ranking system provides scope for regional information to be outputted about university research capacity; also, a system for determining quality of teaching and learning within institutions. This system of international ranking of HE establishments is normally supported by an individual country's UK-style modeled 'Quality Assurance Agency (QAA)' measurement to judge quality of research output, teaching and learning, and also students' satisfaction about provision within individual institutions. The role of such bodies is also geared towards setting high standards on quality of contents and degree conferment as expounded in the UK Quality Code for Higher Education (Quality Assurance Agency, 2014).

The priority given to higher education in relation to the other sub-sectors is slightly higher than other countries that have similar primary completion rates to Sierra Leone, indicating a strong commitment to funding higher education. Before the 2012 increase in funding, public expenditure on tertiary education accounted for between 18-20 percent of total public current expenditure on education; in 2012, it increased to 23 percent (World Bank, 2013).

In 2013 to date the government spending on higher education has increased significantly due to the high rate of enrollments coupled with the establishment of another public university and a private university that is being supported by the government of Sierra Leone.

Financing higher education – Global perspective

Johnstone et. al. (2010a) suggested that an international perspective on the financing of higher education reveals great similarities among countries in spite of equally great differences in the underlying economies, cultures, and political systems. However, the dominant theme throughout the world is financial austerity, affecting higher educational institutions and families alike and

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challenging policy goals held by virtually all countries of enhancing educational quality, expanding participation and access, and assuring systems of higher education, including both public and private institutions, that can be engines for economic prosperity, individual opportunity, socio-economic mobility, and overall civic betterment.

The basis for this prevailing austerity lies in certain economic truths found worldwide—specifically:

- that higher education, especially research universities, are costly;
- that these costs and institutional revenue needs increase annually, driven upward by the labor intensity of the enterprise and the difficulties of reducing unit costs through the substitution of capital for labor—and in most countries further propelled by surging enrollments; and
- that these increasing costs must everywhere be met by some combination of public revenues, family contributions, and philanthropy (the latter source mainly in the US and indirectly offset by government through tax advantages to charitable giving).

In turn, these economic truths lead to the financial dilemmas in the international higher educational landscape: increasing institutional austerity, financial pressures on students and families as governments turn increasingly to tuition fees to supplement inadequate governmental revenues, the search for ways to expand accessibility in the face of these increasing student- and family-borne costs, and the quest for ways to inject efficiency into institutions that are notoriously resistant to change - especially to changes that endanger the job security of faculty or that call for alterations in either curricula or instructional methodology that seem to violate long-established principles of the academy.

Thus, national policies responding to changing patterns of higher education finance are mainly responses to the worldwide phenomenon of higher educational costs tending to rise at rates considerably in excess of available public revenues from taxation, profits from governmentally-owned assets, governmental borrowing, and the inflation generating printing of money. The consequence in most of the world has been a shortage of revenue to accommodate both the increasing costs of instruction and research as well as and exacerbated by the increasing revenue needs in most countries due to surging enrollments. These diverging trajectories of very rapidly increasing resource needs and more static or even faltering revenues from state budgets must, in turn, be met by solutions either or both on the cost side or on the revenue side. The cost-revenue squeeze and the resulting institutional and system austerity as well as some of the so called solutions to these dilemmas can have deleterious impacts on the quality and capacity of universities

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and colleges as well as on the goals in virtually all countries to expand higher educational participation, accessibility, and quality (Johnstone et. al. 2010a).

Challenges of financing higher education in Sierra Leone

As set forth in the opening paragraphs, national policies in the financing of higher education are mainly responses to the worldwide phenomenon of higher educational costs and revenue needs at both the institutional and the country or system levels. This is to rise at rates considerably in excess of available revenues. This failure of public revenues to rise commensurate with higher education's rising costs and revenue needs may be due to taxpayer resistance, increased competition from other public needs, or a political sense that a country's higher education system must improve on its efficiency or effectiveness or both to warrant more public revenues. The challenge begins with the rapidly and relentlessly increasing demand in most countries and virtually all middle - and low-income countries for higher education places and the need for additional college and university capacity: for more lecture theatres and laboratories, campuses, residence halls, and of course more faculty and staff. This surging demand for greater capacity is driven by four principal forces:

(a) the demographic effect of high birth rates and increasing college - and university-age populations that are then accelerated by the rapidly growing secondary school completion rates of these rapidly increasing population cohorts;

(b) an increasing public demand for more education, recognizing that tertiary education - including education and research at the highest levels - are the keys to economic growth, global competitiveness, a healthy and stable political system, and a vibrant civil society;

(c) a surging private demand that is borne of the increasing awareness that higher education is the key to better jobs, higher status, greater social and political influence, and a wider array of lifetime choices, including occupations, places to live, and mates; and

(d) the quest for greater social justice and the expansion of higher educational accessibility to those who have traditionally been excluded or at least underrepresented in higher education: the rural and isolated, the ethnically and linguistically marginalized, sometime girls, and always the poor. The financial impact of these surging enrollments is compounded by annual increases in per-student costs, generally at rates exceeding the prevailing rates of inflation. These are a function of another set of forces operating in virtually all countries. The basic cause is the labor intensity of higher education, which tends to resist the continuous substitution of capital for labor that is the dominant driver of productivity in manufacturing. As long as productivity resistant faculty and staff receive, on average, wage and salary increases similar to the increases enjoyed by workers in the

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productivity receptive sectors of the national economy, the unit, or per-student, costs of higher education will increase at above average rates. And because a rate of inflation in any country is simply a carefully weighted average of economy-wide price increases, the normal, or default, rate of increase of per-student costs in higher education will tend generally to be above the prevailing rate of inflation and thus will tend to magnify the cost increases and revenue needs of countries and systems. A second force operating to increase per-student costs is the greatly increasing use in universities throughout the world of computing and telecommunications. The application of such technologies in manufacturing and in the private provision of services tends to add productivity and hold down costs and prices. In higher education, these massive increases of computing and telecommunications may also add value to both teaching and research. But they rarely lower costs: in fact are more likely to add costs and require more revenue. A third force is the tendency in most universities in most countries to add new academic programs in response to changing scholarly fields and changing job markets faster than old programs (and their faculty and staff and equipment) can be diminished or shed altogether. This is caused in part by the inflexible faculty labor markets prevailing in most countries and is especially significant in low - and middle-income countries in which faculty and staff along with other civil service employees tends to be well organized, politically powerful, and able to resist a reallocation of resources that might jeopardize jobs. (Private institutions of higher education, whether non-profit or for-profit, tend to be more flexible and better able to reallocate resources - and thus to more easily shed less critically needed staff and to follow the changing needs of local job markets and the changing demands of their students (Jackson, 2015).

METHOD

Financing higher education is a concern and as described in the literature, various scholars have adopted different approached depending on their case study and the scope of the variables used. Our analytical method derives closely from the work of Prakash and Cabezon (2008), but differs in variables, because this research is about financing education and not fiscal studies.

This study uses descriptive statistics to explain relationship between variables. Five important variables were identified to estimate to impact and challenges of financing higher education in Sierra Leone. These include Total Expected Revenue, Actual Expenditure, Number of Students Admitted, Budgeted Revenue, Budgeted Expenditure, and Total Number of Faculty including administrative staff.

Definition of Key Variables

Total Expected Revenue - this includes the aggregate of all fees, in all three constituent colleges in the University of Sierra Leone, the total expected from subvention and all other forms of fees and

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income expected by the University in a particular operating period. This will basically show the economic amount the university needs to operate. This is calculated by adding budgeted revenue, government subventions and other donations.

Budgeted Revenue (BR):- reflects the total revenue expected to be collected directly from students, including other charges. This is calculated by deducting government subvention from total expected revenues. This will enable to study to induce the gap between total fees paid directly by students and subvention given by government.

Actual Expenditure (AEx):- This is the total expenditure of expended by the university in a particular operating period. Actual expenditure was obtained from financial report of the university, and includes monies actually expended. This will help us to compare the gap between financial requirement to enhance operational efficiency and amount actually spent to run the university.

Student Number (SN):- this shows the aggregate of students in the all three university colleges, including under and post graduates students in all programmes.

Faculty Number (FN):- includes the number of all full and part time faculty and administrative staff employed by the university, and benefited directly from revenues generated by the university.

Data Source

Data for the study were obtained from individual colleges within the University of Sierra Leone, this include the Budged and Audit Report of Fourah Bay College (FBC), Institute of Public Administration and Management (IPAM) and the College of Medicine and Allied Health Sciences (COMAHS). Other information was obtained from publications and reports of the Ministry of Education, Science and Technology, Government Papers, Journals and Articles.

RESULTS

Financial Outlook

Table 1 below shows that the spread between budgeted expenditure and actual income is increasing while the gap was small in 2013, 2014 and 2015 results show that the total amounts needed to run universities are way above their actual income including government subsidies. However, the actual expenditures are below actual income. This is because the university concentrates its income on recurrent expenditure and abandon its development expenditure on infrastructural development.

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Figure 1. Relationship between Budgeted Income and Budgeted Expenditure

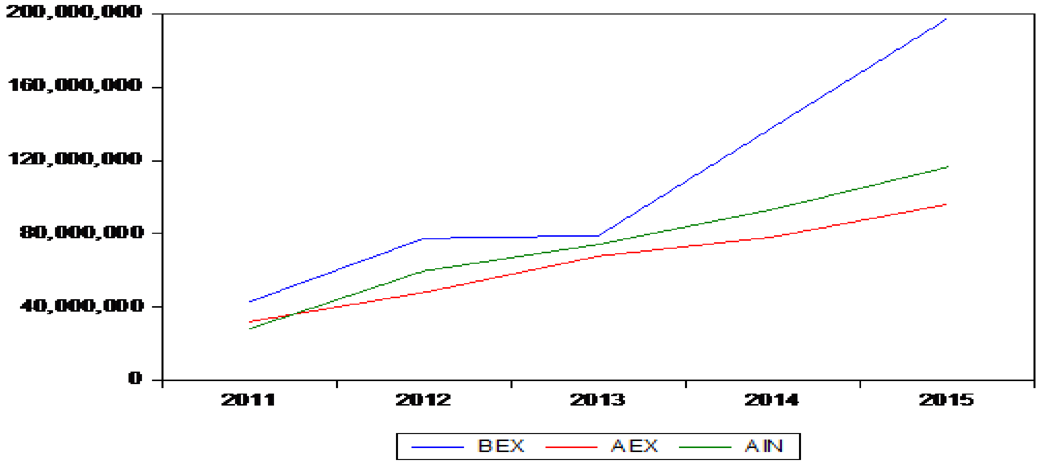
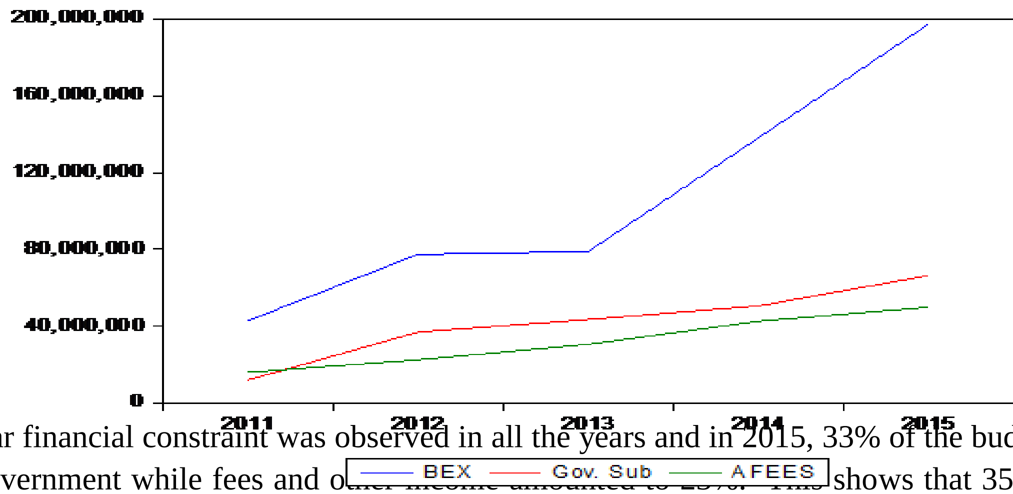


Figure 2. show the spread between the budgeted income and government subsidies and actual revenues generated from fees. In 2011 government was only able to provide 28% of the University budgeted, while 37% of the budgeted was from fees and other income.

Figure 2. Relationship between Budgeted Income and Government Fees Subsidy



Similar financial constraint was observed in all the years and in 2015, 33% of the budget came from the government while fees and other income amounted to 25%. This shows that 35% in 2011 and 41% in 2015 of the amount budgeted for was not achieved either by fees income or government subsidies.

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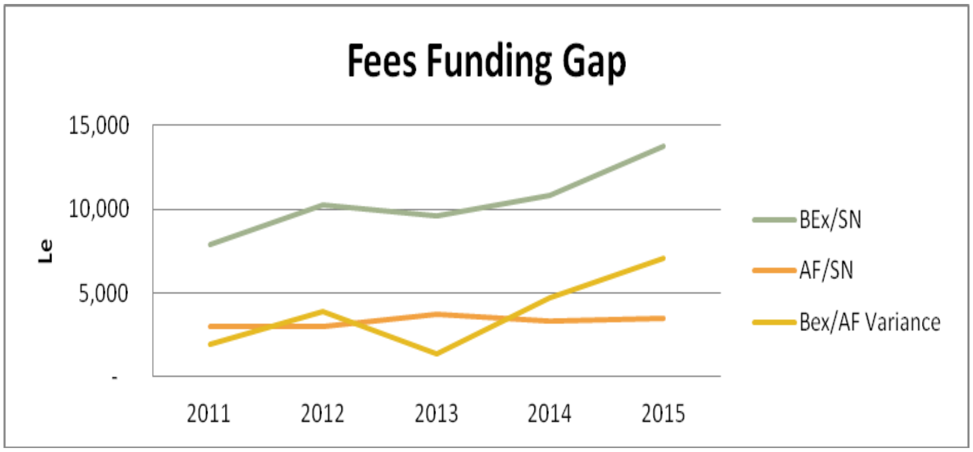
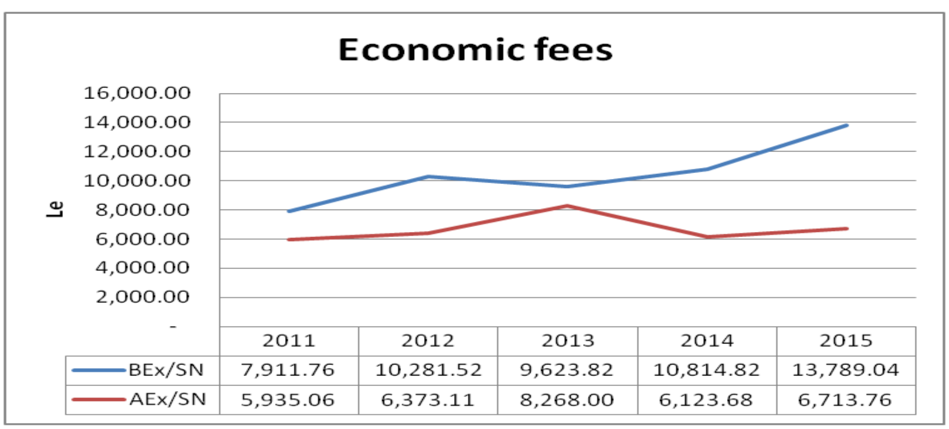
Figure 3. Fees Gap



Results from the date shows a huge spread between the expected fees from students to meet budgeted expenditure, as against what was actually raised directly from students. While the actual fee per student curve is relatively flat from 2011 to 2015, the underfunded expenditure gap from student fees is unsustainable. This is because students are fees are far below what is needed by Universities to address the quality delivery problem.

The GOSL has maintained its commitment to funding the higher education sector over the last 6 years, with a significant increase in funding in 2012. GOSL allocated an average of 0.65 percent of GDP to higher education between 2007 and 2012, which is about the same as other low-income countries in Africa. The large increase in 2012 was as a result of negotiated salary increases for staff of HTEI, and it is unlikely that that level of growth will be sustained.



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CONCLUSION

University of Sierra Leone is underfunded and the financial challenge is increasing as the gap between government subsidies and budgeted revenue widens. University of Sierra Leone relies heavily on government subsidies as fees income only accounts for about 32% of expenditure requirement on the average. An economic fee of Le 13.7 m should be charged to enable USL meets its investment target. USL fees are undercharged by 51%.

The Budget is a strategic instrument to drive the University's future direction and the changes necessary to ensure the USL's strategic objectives are met. The budget model should be fair and equitable, as simple as possible, transparent, and responsive to change and base on realistic figures. There will be a Strategic Planning Fund which, at the discretion of the Vice-Chancellor will be applied to University strategic priorities.

Faculties may decide to allocate budgets on a different basis from the central allocation to their Departments based in their unique teaching, research and community service contributions to achieving the strategic priorities of the University. The financing of major capital projects will be assessed on a case-by-case basis. There will be a reserve for contingencies of a minimum of 1% of budgeted income. The reserve may be used to buffer income fluctuations or to meet unforeseen expenditures.

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