



Funding of Public Universities in Uganda: what are the issues?

Overview

The second National Development Plan (NDP II) notes that public funding to higher education remains at 0.3% of Gross Domestic Product (GDP) which is below the recommended share of at least 1%. The sources of funds for public universities in Uganda are public, private, and external funding as well as Internally Generated Funds (IGFs).

The major source of funding for university education is private funding (parents and individuals). This is followed by government/public funding, external funding and IGFs respectively. This paper examines public funding of these universities and identifies some of the critical persistent issues affecting the institutions over the period FY 2012/13 to FY 2017/18 that require urgent attention going forward.

Key Issues

1. The increase in number of public universities has amplified the burden of funding from Ug shs 167.94 billion in FY 2012/13 to Ug shs 606.09 billion during FY 2017/18.
2. Public universities are not funded sufficiently to cover the cost of inputs in order to offer quality education. For the last five years, actual releases have been lower than approved budgets.
3. Physical infrastructure in public universities has not grown in tandem with enrollments.
4. The budgets for non-tax revenue (NTR) in public universities have been increasing. Public universities are increasingly depending on collection from NTR to deliver the education service.
5. Funding for research and publication has remained very low in public universities yet it is their core mandate.

Introduction

Universities are at the apex of higher education institutions. They are authorized by law to award degrees, diplomas and certificates. Their main distinguishing characteristic is that they create new knowledge through research and publication. In addition, they are expected to engage with the community around them in terms of passing on knowledge, skills, and rendering services to the community.

Financing of public universities is mandated by The Universities and Other Tertiary Institutions Act, 2001 (as amended in, 2003 and as amended in 2006) par 62 (2) that says that; government pays for the following:

- a) Salaries, allowances and other charges that pertain to staff.

- b) All pensions, gratuities and other charges regarding retirement benefits payable out of the university funds.
- c) Charges for maintenance of the buildings and other assets of the university, including the repair and replacement of equipment and other movable property of the university.
- d) Reserve funds for the future or contingent liabilities in respect of retiring benefits; insurance or replacement of buildings or equipment or such other matters as the university council may deem fit.

Funding of public universities

To date, there are eight public universities and two degree awarding institutions, namely; Makerere University, Mbarara University of Science and Technology, Makerere University Business School, Kyambogo University, Busitema University, Muni University, Gulu University, Lira University, Kabale University, Soroti University and Uganda Management



Institute. Public universities are partly funded but fully owned by the state. These universities enroll both Government and private students. The private students are charged fees which contribute to NTR of the universities.

The number of students in public universities has increased over the period under review from 140,098 (78,817 girls, 61,270 boys) in 2012 to 186,412 (104,432 girls, 81,980 boys) in 2016. Each year government sponsors over 4,000 new students on the national merit scheme in public universities. Nearly 1,000 more are supported under the district quota system covering at least 122 District Local Governments (DLGs). Furthermore, a small government scheme assists persons with disabilities, and those endowed with sports talent.

This growth in student numbers is constraining government’s ability to pay for all the tuition and personal needs for their university education.

In FY 2016/17 government established three new public universities and there is pressure to turn more institutions of higher learning into public universities. The increasing demand to establish new universities, run and maintain existing ones has continued to put pressure on the National Budget.

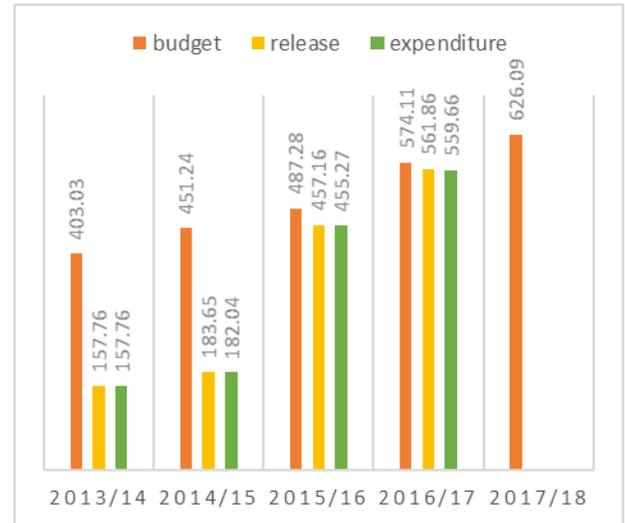
The burden of funding public universities increased from Ug shs 167.94 billion in FY 2012/13 to Ug shs 606.09 billion in FY 2017/18. Figure 1 shows the details.

Box 1: Case study

In FY 2016/17, Government diverted money for non-teaching staff to start three new public universities of Kabale, Soroti and Lira. This created a salary shortfall of Ug shs 2.9bn which resulted in non-payment of salaries and statutory deductions for January to June 2017.

Later government released a supplementary of Ug shs 1,428,514,471 to cover salaries for January to May 2017. This left a balance of Ug shs 1.5bn. So the salaries for June and all the statutory deductions were not paid on time.

Figure 1: Funding of public universities FY 2013/14 to 2017/18



Source: IFMS

Figure 1 shows that actual releases to public universities since FY2013/14 to FY 2017/18 have been lower than the approved budgets. Government is therefore struggling to fund the existing public universities and is hitherto not able to fully provide for their financial needs.

Figure 2: Recurrent and Development releases to public universities FY 2013/14 to 2017/18



Source: IFMS

Figure 2 further shows that over the years, the budgets for recurrent activities have been increasing. Studies show



that in public universities, staff salaries accounted for 56% of budgets, followed by material supplies (11.96%) and student costs at 11.12%, infrastructure 1.85%, utilities 4.37%, staff development 1.37%, and research 0.82%. Although research is one of the core functions of universities, it is one of the least funded. In reality funds earmarked for research tend to be diverted to other uses to keep the institutions running as a result of the tight budgets. Expenditure on books was only 0.03% despite the importance of libraries in the delivery of teaching and learning. This explains why most libraries in public universities are stuffed with outdated collections.

Figure 2 further shows that development budgets in public universities have been stagnant over the last five years. As a result, physical infrastructure including lecture rooms, libraries, laboratories, working space, recreation facilities for students, office space for academic staff and for administrators among others, have not grown in tandem with enrollment. Allocations for infrastructural development to the relatively new public universities such as Lira, Muni, Kabale, Soroti, Busitema are inadequate. Some of these like Busitema University are operating a multi-campus model.

The budgets for the retooling component are also inadequate, science laboratories in the new universities are not fully equipped. Gulu University students for instance have to be transported to Makerere University for practicals. Universities lack funds to procure ICT equipment, specialized machinery and equipment, office and residential furniture, fittings among other things.

Figure 2 further shows that budgets for NTR have been increasing. This means the public universities are increasingly depending on collection of NTR. However, evidence shows an increase in NTR collections on account of the bigger and older universities (i.e. Makerere, Makerere University Business School, Kyambogo and Uganda Management Institute), while the relatively new public universities (Muni, Busitema, Kabale) have meagre NTR collections. Underperformance on the releases coupled with meager NTR collections makes the new

public universities heavily dependent on government funding for all their operations.

The above notwithstanding, public universities are charging below the unit cost. The fees structure for university private students is so low that public universities, particularly the new ones with meagre NTR collections, cannot make ends meet. While public universities would wish to raise the tuition fees, government has restricted them. The argument is that students from poor households would miss out on university education if fees were to be raised. Yet the fact is that the cost of educating a public university student is far higher than the per capita income of Ugandans. Most Ugandans would not afford to pay if fees were based on unit costs.

The Government has come up with a number of initiatives in a bid to help students cover the costs of university education. For example, the loan scheme was introduced to benefit more students, particularly those from poor families. The scheme, that has been operational since 2014 has hitherto benefitted close to 4,000 students in universities and other tertiary institutions.

Effects of inadequate funding in public universities

1. **Gross understaffing:** The recruitment plans for all public universities remain largely unimplemented. All public universities are understaffed. In addition, staff promotions have not been conducted for some time. Busitema University for instance reported to be operating at 26% staffing level. The relatively new science based public universities have failed to attract staff at senior level (e.g Lira and Busitema), with staff establishment at less than 40% for staff in post. The lecturer: student ratio has deteriorated to 1:60 in some universities and is worse in some programs.¹ These ratios are indicative of a looming quality crisis that Uganda faces. As a result, universities have to employ

¹ The recommended ration by NCHE is 1:20



part-time lectures and pay them using the NTR collections.

2. **Salary disparities among staff.** Staff at the same rank in the different public universities are getting different salaries, thus causing disharmony among staff. Table 1 shows salary disparities in public universities.

Table 1: Salary disparities in public universities

University	Professor	Senior Lecturer	Lecturer
Soroti	8,269,796	6,388,464	4,733,654
Kabale	8,031,761	6,781,147	
Lira	8,433,349	7,381,147	4,597,402 (non-science) 6,463,821 (science)
Gulu	6,390,578	5,126,042	4,040,776
Kyambogo	3,895,482 (Ass Prof.)	3,861,872	2,636,864
Makerere		4,837,779	4,856,547
Muni		4,276,732	6,156,020
Busitema	8,031,761 (Prof of Science)	6,248,373	

Source: MoES MPS FY 2017/2018

3. **Non-payment of allowances:** The costs of running the public universities particularly those far from Kampala are too high (e.g Muni, Kabale, Gulu, Soroti). It is reported that university secretaries, bursars, planners and sometimes administrative staff are often required to travel to Kampala for official works at Ministry of Finance, Planning and Economic Development (MFPED), Auditor General’s Office, State House and other places and the universities cannot pay them allowances all the time.

4. The welfare allowance for government sponsored students has remained constant for over two decades. For instance, students are paid Ug shs 4,000 per day to cover breakfast, lunch and dinner, Ug shs 40,000 for hostels and Ug shs 1,000 per day from Monday to Friday for transport. These allowances

often delay and are not commensurate to the current cost of living.

Conclusion

Ugandan public universities are not funded sufficiently to cover the cost of inputs in order to get good outputs. Most institutions are dependent on fees for their budget instead of having diversified sources.

Recommendations

1. Universities must aggressively diversify sources of income by adopting funding models based on autonomy and accountability. The model involves multiple sources including government, education insurance, a national education lottery, endowments, a national loan scheme, fees, scholarships, and income generating activities.
2. Existing public universities should specialize in particular academic fields where a university has an edge instead of duplicating the same courses. This will increase the staffing levels for particular courses and efficiency in use of available meagre resources.
3. Given the current budgetary constraints, government should maintain the current number (not create more public universities) and ensure that it allocates adequate resources to improve the delivery of education services.
4. The MFPED should review the formulae for funding public universities to ensure that the actual unit cost of educating a student is factored in, particularly in the science based universities lest institutions deliver inferior higher education.

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