

# NEW VARSITIES' FUNDING MODEL

# AUTONOMY, ACCOUNTABILITY KEY TO SUSTAINING PUBLIC UNIVERSITIES

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## AUTONOMY AND ACCOUNTABILITY

The new model must preserve the mission of public universities, while at the same time ensuring their autonomy and accountability to the public.

In this model, the state and other players contribute funds to higher education through independent agencies. These agencies then remit funds to institutions after certifying the accountability of benefiting institutions. The state alone cannot provide all the money a good public university needs. It can only be one of the major funders.

Because higher education is a public good, which serves the public and private sectors, an effective system of getting funds from citizens and the private sector to support the higher education sector is acceptable.

The Government, as the main guard of the state, must, therefore, work out a system of generating funds for universities.

The Government must contribute its part and the private sector must do likewise. The private sector is eventually repaid, for the public sector uses higher education institutions as a conduit to supply human capital to the private sector and the rest of society. The provision of quality higher education is thus not only everybody's responsibility, but also ultimately, a state duty. The funding reforms suggested are based on the above assumptions. They are intended to increase revenue to universities, while at the same time reducing pressure on the Government.

Public universities, whether individually or as a group, should be encouraged to

negotiate a new relationship with the state through a charter or other forms of agreements that are consistent with the public missions of those universities.

Public universities in Tanzania have gone through this process. The Universities Act was recently assented to in Kenya.

## FUNDING MODEL

If this model is adopted, more funds should come to universities. Intermediary bodies will also assess the needs of institutions and collect and distribute resources to universities on behalf of the nation.

These intermediaries will protect the state from being seen as an immediate giver and denier of funds by staff and students. They will also protect universities from Government political micro-management and budgetary fluctuations.

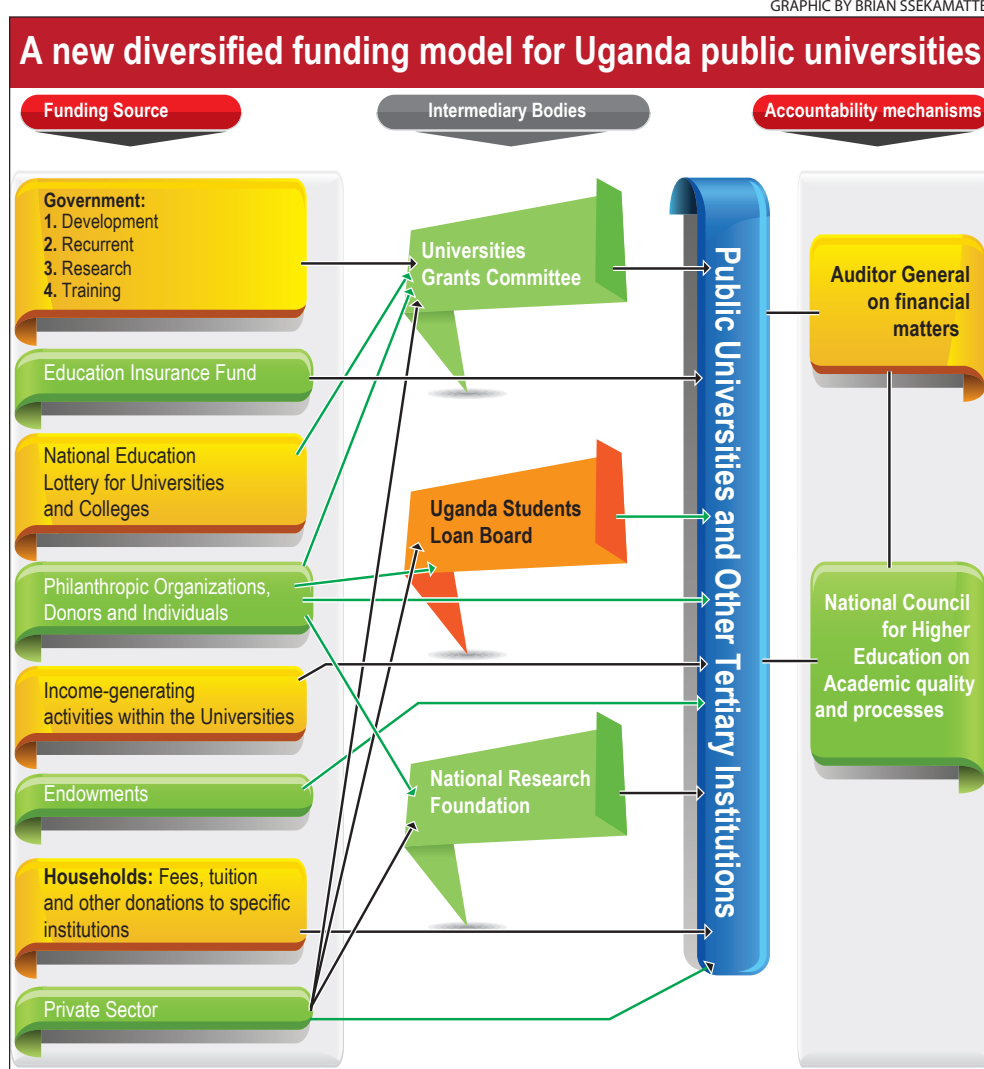
The accountability mechanism that will ensure that public money is used for its intended purpose.

## FUNDING SOURCES

The funding sources will include the state represented by the Government. The state will continue supporting public universities for identified development, recurrent research and training funding based on realistic unit costs, not arbitrary figures. State contributions will not go directly to institutions, but through a University Grants Committee, the Loans Board, and the National Research Foundation on conditions agreed by all parties.

Hopefully, the Government contribution as a percentage of GDP will be increased to the levels that Kenya, Tanzania and Rwanda contribute to their public university systems.

Parents who may wish to buy education insurance starting at,



say, five years of age for their children should be able to do so. But the insurance should be used only for fees at tertiary institutions at ages 18 to 25.

The third source of funding is a national education lottery specifically for universities and colleges organised by the state or its agencies.

The fourth source of funding suggested is donations by philanthropic organisations, whether local or foreign. These can pay directly to specific institutions or through the University Grants Committee.

The fifth window of funding is income-generating activities that many universities, private and public, are already using. Each university will organise various income-generating activities and should not be required to remit the collected money to the Government.

As another option, public universities will be encouraged to start endowments. Some private universities, like Islamic University in Uganda, Mbale, have endowments, as do most famous American universities. The other source is the

households. They should continue to contribute to higher education through fees, tuition and welfare components of education based on realistic unit costs. Students who cannot afford university education, but are qualified can, and should, access education by taking up a loan from the proposed Student Loans Board.

Lastly, the private sector should be encouraged to donate to education through a tax waiver on donations and other incentives to higher education as it does

elsewhere in the world. All funds from these sources should be exempt from taxation and spent only on higher education.

## REMITTANCES

For purposes of coordination on a macro level, the state and other sources of income should remit funding through three intermediary bodies whose roles are described below.

All Government contributions, some philanthropic organisations that may wish to do so, some endowment monies and some private sector contributions should be remitted to the universities. This should be done through the University Grants Committee, the Loans Board and the National Research Foundation whose roles and functions are described below.

The education insurance funds, students' fees, money from institutionally-owned endowments and some donations from the private sector should go directly to the targeted university. The Government and financial institutions will contribute to student loan schemes, which should be established by law.

## BENEFICIARIES

Universities should receive funds directly from various sources. First, they should be eligible to get funds from the University Grants Committee and the National Research Foundation, according to the allocations made by the intermediary bodies.

Funding decisions will be made on agreed criteria procedures, rules and regulations. All remittances should be based on unit costs except for research, which should depend on the research capacity of a given institution, the projects advanced and the

researchers.

However, institutions will also be able to get funds directly from fees, endowments, donations made directly to universities, education insurance fund (for individual student fees) and through other institution-specific fund-raising activities.

## RATIONALE

Both the universities and Government operate in different ways although both serve the public good. Universities operate freely in search of truth whereas governments follow strict regulated guidelines to maintain law and order, and deliver services.

University products take time to become "truth", but the civil servant deals with black-and-white and true or not true scenarios. The two institutions cannot be guided by the same regulations, procedures or system of funding. A buffer body is, therefore, necessary to delink the two entities.

## The Government should work out a way of generating funds for universities

A University Grants Committee is a buffer body between the state treasury and public institutions of higher learning that has been in place in many countries: Pakistan, the UK and East Africa (before 1970). Its role is to scrutinise the needs of universities, to seek funds from multiple sources and to distribute it to universities according to agreed-on criteria. Few people normally staff it and its members often include representatives of the subject universities, Government and the private sector.

Since the University Grants Committee will be only a conduit for transmitting funds, it will be required to remit funds within a specified period of receiving it and will be accountable to the Government through the Auditor General. Membership should include

representatives of the ministries of finance, education, labour, trade and tourism, all public universities, the National Council for Higher Education, for Science and Technology, the Planning Authority, Investment Authority, UMA and Uganda Chamber of Commerce and Industry. All these institutions have a stake in what universities produce and should, therefore, be involved in financing them.

## ACCOUNTABILITY

Because universities receive public funds, they must be accountable to the public. In this model, public interest will be protected by a strict accountability mechanism that will be integrated into the funding mechanism.

For an institution to get funding for any financial year, the Auditor General must certify that the accounts of the previous academic year were impeccable; the National Council for Higher Education must certify that the academic processes were well-conducted. Each university council should be required to produce annually a financial and academic audit to assure the public that funds were well used.

This model prohibits the committee from granting funds to an underperforming university. Any university that fails for two consecutive years to receive its grants will see its earmarked funds forfeited for return to source or for disbursement to compliant institutions. The model does not prescribe new functions, but merely reinforces existing ones.

## YOUR PLATFORM

# Use facts to demand salary increment

On August 14, I wrote an article in *New Vision* on financing Makerere University, which was in good faith and based on facts. However, some staff have tried to distort the facts. This is why I am compelled to provide further factual information on Makerere University using my knowledge and information

availed to me as a member of the senate for 12 years, a member of council for six years, dean for eight years and vice-chancellor for three years. First of all, Makerere University has at least 1,500 academic staff against a student population of about 35,000. This translates into an average staff:student ratio of 1:25. In science colleges, the ratio is 1:12 and 1:25 in humanities. This is a good staff student ratio as per the National Council for Higher Education guidelines.

Currently, staff establishments in universities are based on student projections, say in the next five years. These, in most cases, are not realised. So it is misleading when someone determines the staffing levels of Makerere University using staff establishments.

The quality assurance policy of Makerere University requires each academic staff to teach a minimum of 12 contact hours per week. However, most courses at Makerere have three contact hours. Makerere also has several part-time staff. The courses taught at Makerere per semester are about 2,500. The actual figures can be got from the university timetable. So it is clear Makerere academic staff teach less than six hours per week.

So how do Makerere University staff spend the rest of the working hours? I will give you a few examples: Staff at the School of Law either operate or work in law firms and on average earn sh6m monthly from legal services. Although they are at liberty to engage in legal services beyond Makerere University, staff with the same qualifications working as Grade One magistrates, working in the Directorate of Public Prosecution and with the Solicitor General to mention but a few are not allowed to engage in such yet they earn much less than what Makerere pays teaching assistants. All these are in the same public service.

Staff at the College of Health Sciences in addition to providing health services at Mulago Hospital as part of their employment, run hospitals and clinics either as owners or consultants or on average earn sh6m monthly from consultation fees only. Staff at the College of Engineering, Design, Art and Technology run consultancies



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– the most popular being Technology Consults – where they earn not less than sh3m monthly.

The income from these activities is not reflected on the payroll (monthly salary). In addition, most colleges pay a monthly top, where a professor earns at least sh1m from internally-generated funds and this is not reflected on the payroll.

Again, the salary figures of a professor at sh3m, associate professor sh2.9m, senior lecturer sh2.4m, lecturer sh2.1m and assistant lecturer sh2m at Makerere are falsified to justify a salary increment.

Today, a science professor earns at least sh4m on the university payroll and an arts professor earns sh5.5m pro rata.

The universities in Kenya, Rwanda, Botswana, Tanzania and South Africa that we have been comparing with Makerere run a different salary model. All money earned by staff from other sources is declared to the university and becomes part of the university income. This is then integrated into the individual salaries of staff. Furthermore, the GDP of these countries is different.

I will restate my position that the only staff at Makerere that

deserve an increment are the senior lecturers, associate professors and professors; the rest are earning enough as per the salaries in other related sectors in Uganda.

Lastly, let me provide a clarification on a few issues that have been raised against me as a former vice-chancellor of Makerere University. The audited books of accounts are there to prove that during my term as vice-chancellor, we never posted any domestic arrears. Instead, we reduced the domestic debt we found there.

Before I left Makerere in September 2012, I put it on record that it should be rated among the top five universities in Africa by July 2013. The recent ranking of Makerere as the fourth in Africa did not come as a surprise.

If Makerere cannot find factual and believable data to support the salary increment, then they should give up on their demand. Resorting to raising salaries using internally-generated funds again is committing suicide.

The writer is a higher education expert and former vice-chancellor of Makerere University

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