



THE DEVELOPMENT OF ALTERNATIVE FUNDING MODELS FOR STATE UNIVERSITIES TO AUGMENT LIMITED RESOURCES FROM TRADITIONAL SOURCES

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ABSTRACT

In recent time, the dwindling resources of government all over the world has put more strain on investment in higher education making the task of funding becoming increasingly difficult. This problem has become particularly worrisome in most less developed countries where the annual budget allocation to education over the years has been a far cry. The supply-demand gap in higher education in Zimbabwe is on the increase. Lack of financial and managerial capability impede government's ability to provide sustainable and qualitative higher education. This calls for the need to explore alternative sources of funding for higher education in Zimbabwe. The main objective of this study was to examine the imperatives of as alternative sources of higher education funding in Zimbabwe.

KEYWORDS

Funding, alternative, universities, augment, traditional sources, resources.



Introduction

Most universities mobilise resources from students and other sources for use in their normal operations. However, the tendency is that after raising those resources, the staff, especially academic members is not involved in their use. An important but often under-exploited resource for the universities is the collaboration with the external environment and its stakeholders. This includes partnerships with communities, local organisations, local government chambers of commerce and alumni. Collaborating with external stakeholders can provide new relationships and be an important source of expertise and experience that can be used in entrepreneurship education and support services (Atkinson-Grodjean, 2012). To score highly, universities should collaborate and maintain regular contact with external stakeholders, have up to date information on their location and activities, and have activities that integrate their experience and expertise into entrepreneurship education and start-up support services. Universities that value entrepreneurial learning commit to regular review, validation and updating of entrepreneurial course content. To score highly, there should be mechanisms to entrepreneurship (knowledge, skills and competence) in all degree programmes (Johnstone, 2014). The learning outcomes should be validated at the institutional level through appropriate mechanisms (internal or external moderation for example) and given due recognition in courses. Students should have a clear understanding of the learning outcomes achieved. To stay up-to-date and relevant, the entrepreneurship education needs should be continuously reviewed and updated. One important aspect of this is to integrate the results of current entrepreneurship research into teaching. To score highly, universities should encourage staff and educators to keep the curriculum up-to-date with recent research findings and encourage the internal exchange of knowledge. An increase of private resources for higher education can be achieved through the establishment or expansion of private institutions that are partially or entirely financed from contributions by students and their families, as well as by the mobilisation of new resources by the public sector, among which user contributions play a primary role. These different methods, regrouped in a simplistic manner under the category of “privatisation”, deserve being distinguished, one from the others (Robson, 2013).

Statement of the problem

Higher education financing was traditionally the responsibility of government. The assumption was that it is only the government that can effectively provide higher education, given the externalities with it, and the huge investment required. In recent years however, the dwindling resources of government all over the world has put more strain on investment in higher education making the task of funding becoming increasingly difficult. This problem has become particularly worrisome in most less developed countries where the annual budget allocation to education over the years has been a far cry. The supply-demand gap in higher education in most developing countries is on the increase. Lack of financial and managerial capability impede government’s ability to provide sustainable and qualitative higher education. At the world declaration on higher education for the 21st century, UNESCO gave a mandate on partnership and collaboration which specify that higher education institutions should engage in public-private partnership in the process of research and infrastructural development (UNESCO, 2000). In line with this declaration, research has shown that developed countries have embraced PPP in financing and management of education (Anand, 2012, Kayongo 2007, and Caldwell 2004). However, the case in developing countries is a little different as not much success has been recorded in some of these countries. This is evident in the fact that the provision of higher education in developing countries has continued to be devoid of the quality, accessibility and

funding expected. In the midst of these problems, alternative sources of financing become an imperative.

Methodology

The study employed the desk research method. According to Cresswell (2019), desk research is a type of research that is based on the material published in reports and similar documents that are available in public libraries, websites, data obtained from surveys already carried out, etc. Some organizations also store data that can be used for research purposes. It is a research method that involves the use of existing data. These are collected and summarized to increase the overall effectiveness of the investigation. Secondary research is much more cost-effective than [primary research](#), as it uses existing data, unlike primary research, in which data is collected first-hand by organizations, companies, or may employ a third party to obtain the data in your name.

User-Funding

The first means by which to diversify the sources of higher education is probably through student contributions to the costs of their education. This participation is justified by the fact that education brings some advantages to those benefitting from it (World Bank, 2009). The benefits that they derive from it at a personal level are substantial and include cultural and intellectual gains which are difficult to calculate. Most of all, advantages in terms of income that one can evaluate by comparing the salaries of employees having attained university degrees with those without university education are numerous (World Bank, 2009).

Even though there are social gains that also have an effect on the whole of society and that can justify the contribution of the community which allocates a part of its resources, the individual gains obtained through education cannot be contested. For this reason, international bodies, such as the World Bank, which are involved in the funding and development of education, consider that it is necessary to encourage “cost-sharing”, that is, the contribution of the user to a part of the cost of his or education (World Bank, 2009).

User-funding may vary in form, function of the moment when it appears and of his incorporated degree of redistribution (Allbach, 2012). At one end of the spectrum of possible solutions, one finds universities that charge tuition fees to some students, covering the whole cost of the programmes in which they are enrolled, as well as the cost of accommodation and meals. The logic is that of the market, whereby the production costs must be covered by a fee paid by the customer. Other ways and means exist at the other end of the spectrum, such as the degree tax that graduates might have to pay after they enter the labour market, so as to reimburse the community for a part of their educational expenses that the latter has covered (Green, 2007).

Tuition Fees

Very few countries, nowadays, can assure free tuition to all of their students, while also covering their maintenance expenses (Gurira, 2014). These costs are sometimes indirectly subsidised by the community, which covers certain expenses related to student accommodation or meals. Increasingly, universities are charging fees for the services that they provide to students. In the interests of good management, they measure the precise costs of these services, so as to avoid underestimating them and thus reducing the resources intended for instructional activities (Robson, 2013).

Until the 1980s, a clear distinction was made between countries in which higher education institutions charged substantial tuition fees and those that applied the principle of free tuition higher education (UNESCO, 2000). In Continental and Northern Europe, the only contributions asked of students were contributions of a social or administrative nature (enrolment fees, examination fees, sports or union dues) or for specific services, other than educational services.

In the developed countries, the question of tuition fees stopped being taboo, and a public debate opened. Tuition fees have been introduced or greatly increased in a majority of these countries, particularly Spain, the Netherlands, Belgium and Ireland in the 1980s, Portugal, Italy, the United Kingdom in the 1990s, Austria in 2000, not to mention the Central and Eastern European countries, in which they were introduced everywhere (World Bank, 2009).

However, the controversy over the legitimacy of tuition fees is far from having subsided, as shown by the very weak increase observed in France since the mid-1980s or their turn-over, following a change in political majority in certain countries, i.e. Portugal and Ireland, as well as in Scotland, after the devolution law. Still, in these countries, the principle of tuition fees has been established and remains in effect. Only certain exemptions or deferment of payment to the end of studies for certain categories of students are envisaged. Thus, in Ireland (Clancy & Kehoe, 2019), a student who repeats a year of undergraduate studies or who is registered in third cycle studies must pay higher tuition fees. Outside Europe, the general tendency is to raise these fees, particularly in Latin America and India. Changes of regime have brought with them the introduction of tuition fees, as in the case of China (World Bank, 2009).

Selective Tuition Fees

In certain countries which did not adopt general tuition fees, other fees applying to specific student categories have been instituted. Some are incentive in character, as in the Baden-Wurttemberg Land, where, beginning in 1997, students who remain enrolled in a university beyond the average length of studies, must pay a fee of US\$1,000 per semester (Myklebust, 2015).

Other categories of students are required to pay full cost tuition fees. These may include foreign students enrolled in specific programmes or admitted beyond the number of places financed from the public budget. Thus, Australian universities are permitted, within certain limits, to enrol students paying the full tariff. In the United Kingdom, foreigners may be enrolled under similar conditions beyond the number of places financed from the public budget. One can witness in most countries the development of lifelong learning or short programmes in the fields for which there is high demand (Business Management, Computer Sciences). These programmes may lead to the charging of a freely fixed tuition fee set by competing institutions. In Hungary, the 1996 Law on Higher Education distinguishes two sorts of course programmes, those that are financed by the State, and those that imply payment of tuition fees, which means that within the public universities there actually coexist two student categories (UNESCO, 2000).

This possibility is sometimes viewed as a necessity by institutions in countries in which higher education, traditionally financed from public resources, cannot develop or maintain itself because of the weak development of the disorganisation of their fiscal administration. In the Russian Federation, the government is incapable of assuming the full costs of higher education (OECD, 2012). The levy is problematic and is directed mainly at enterprises. Universities are allowed to enrol tuition fee-paying

students in a proportion of up to 25 percent of their full capacity, and the absence of supervision often allows them to exceed this limit.

In Sub-Saharan Africa, a trend of substantial increases in tuition fees is progress in countries like Uganda, South Africa, Nigeria and very recently in Togo. The actual models vary and eventually take the shape of a dual system, whereby the best candidates are admitted free, whereas other students, paying quite high fees, are also enrolled (for example Uganda and Nigeria). Universities and their departments are being encouraged to create new programmes in order to tap into this solvent demand, while keeping hold of a part of the new resources obtained in this way and directing them to enhance the salaries of faculty members (Mayanja, 2001).

Deferred Payment of Tuition Fees

Two main means have been proposed to defer the contributions of students to the funding of their education: student loans, used to pay tuition fees, and the reimbursement by fiscal means of sums contributed by the community (the “Diploma Tax”).

In Australia, the Higher Education Contribution Scheme, introduced in 1989, attracted great worldwide interest. The method consists in introducing relatively high tuition fees (about 20 percent of the total costs of instruction), while deferring their payment for students who so request until after graduation. (Students who wish to do so can pay their tuition fees at the beginning of each academic year, thus benefitting from 25 percent discount). The reimbursement begins when the income of a former student has reached a certain level (corresponding to the average taxable income of the country), through payments proportional to income, made through the fiscal administration, in addition to the taxes normally paid by every taxpayer. The experience gained by this plan suggests that it confers real advantages (Chapman, 2005). The reimbursements rate, compared to other student loan schemes, is excellent. Contrary to all predictions, the introduction of this system has not reduced the level of enrolment in higher education.

This Australia example inspired Scotland, where its Parliament, newly empowered by the devolution process, chose to split off from the rest of the United Kingdom and to adopt a system of deferred-payment tuition fees. As per the Cubie Report, the decision has been taken to begin deferring as of 2001, the collection of the student contribution until after graduation (what was presented as a suppression of tuition fees), offering each student the choice to pay in cash or on credit. For those choosing the credit system, the conditions will be those of student loans (Maintenance loans), which will allow them eventually to combine the latter with loans already contracted during their studies.

Sale of Services by the Institutions

The sale of services, whether or not they are directly bound to the educational activity of the institution, increasingly represents a significant part of the resources of higher-education institutions. For the North American universities, it represents about 20 percent of their resources, irrespective of whether the institutions are private or public ones. Increasingly, particularly in Africa, higher education institutions may charge full cost fees for students’ services, particularly for food and lodging.

One also notices, particularly in Europe, that certain universities are beginning to show signs of an entrepreneurial spirit (Clark, 1998) that is encouraging them to vary their funding sources and

therefore to reduce their dependence on the community. They have created new entities that are intended to act as interfaces with the economic and social environment. These entities are professionally managed, according to a commercial logic similar to that of the corporations with which they are in contact. They are charged with the marketing of research results, and of valorising the technological or experimental transfers taking place in universities. Such entities, or the universities themselves, may offer lifelong professional education. This activity, that generates supplementary financial resources, also fuels the teaching and research sectors related to the traditional missions of these institutions.

Universities can also obtain supplementary resources through the export of education programmes. Notwithstanding the enrolment of foreign students, American, British and Australian universities are opening branches in Asian and in Central and Eastern European countries that offer courses that are in great demand. They may also authorise franchised institutions to deliver their degrees, receiving in exchange fees and royalties. The sale of instructional programmes and educational resources is developing, with the help of the new information and communication technologies.

Income from Patrimony

Even in countries having the most highly developed institutional patrimony (the valuable objects, buildings, ideas and /or money that a society gets from the people who have lived in the past), the returns that the individual higher education institutions receive from it remain small. In the United States, this return represents an average of one percent of the income of state universities and seven percent of that private universities, (Johnstone, 2014, but with very strong disparities. [In 1991, a dozen universities earned more than a billion dollars from this source, the global financial patrimony of universities being estimated at 72 billion (NCES, 1994)].

Incomes from patrimony could acquire a much higher level of importance if a current proposal, being made by the Conservative Party of the United Kingdom, were implemented. The proposal calls for endowing all the higher education institutions, once and for all, with financial resources, so that their functioning and their investments can be assured from the income that the investment of these resources would bring (Funding Options Review Group, 2001). Despite proposals to adopt this system, it is unlikely that it could ever replace the current system of recurrent public funding. The calculations made by Universities UK estimated the necessary sum for the endowment of all British universities to exceed \$ 100-billion-pound sterling.

Grants and Donations

If donations are encouraged by the grant of fiscal advantages, they correspond to a reduction in public resources. To donors, they present the advantage of their being able to determine the recipients of their largesse, something which they cannot do with the taxes they pay. To recipients, such as a system has the advantage of making the results dependent on the efforts exerted to achieve them. However, the efforts in question represent a cost drawn against the amounts collected. The situation is quite similar to that of the French Tax for Instruction (Taxed'apprentissage), a salary tax which can be covered by enterprises by transferring certain remittances to teaching institutions of their choice.

Limits to the Diversification of Resources

The tendency for the amount of private funding invested in education to expand is not global. Some countries have witnessed increasing public funding (OECD, 2012), as for example in the cases of Japan, Republic of Korea, Mexico and Ireland. In some of these countries, the phenomenon can be explained by the existence of new public funding sources, such as European funding in the case of Ireland. In others, deliberately formulated policies have been particularly aimed at bringing about greater equity in access to higher education. In most countries, the limitation of private resources has been caused by economic or social constraints related to the developmental and organisational levels of the countries concerned.

When austerity in public policy formulation is at the origin of the resource diversification initiatives undertaken in higher education at institutional or systemic level, the impact on universities has been harshest in countries in which such diversification is limited (Johnstone, 2014).

The capacity of students and their families to support some of the costs of their education may encounter certain limits. First of all, parents are not always able or, even if they possess the necessary resources, willing to contribute to the education of their children, the latter situation raising the question of the financing autonomy of young adults. On the other hand, the characteristics of labour markets do not always enable students to contribute themselves to their upkeep or education, in conditions compatible with the normal pursuit of the studying and learning process. Student loans or deferred contribution systems require a further development of the fiscal and financial system, which is only present in the most advanced countries (UNESCO,2000).

Conclusion

In view of the prevailing financial plight of the governments (especially in developing countries), in releasing adequate funds to tertiary institutions, especially universities, the responsibility then falls on the institutions themselves to seek for alternative sources of funding, hence the need to generate funds internally through the various sources that this paper is suggesting. There are many ventures which are viable in generating income internally. There is also need for serious administrative support and the immediate removal of other bottlenecks both with the management and in releasing of funds for operating the ventures. The paper concludes by stating that if universities commit themselves to think outside and away from the box, the suggestions proffered will go a long way in ameliorating funding challenges that our universities experience.

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