

# Effect of Government Spending on the Nigerian Education

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## ABSTRACT

Over the years, the quality of education offered in Nigeria has been affected by poor attendance and inadequate preparation by teachers at all levels. The morale of teachers has been low due to poor condition of service, low salaries and poor physical facilities such as libraries, laboratories, modern communication and Information technology equipments. The research work investigates the effect of government expenditure on the growth of the education sector in Nigeria. The research work employs both descriptive and inferential statistical analysis particularly the multiple regression estimating technique. Two models are formulated to examine this. The first model used average school enrollment as proxy for education growth while the share of the education sector in the GDP is used to proxy education sector growth in the second model. The independent variables are recurrent the total government recurrent expenditure, the total capital education and the GDP. The study made use of secondary data from 1987-2019. The result shows that recurrent expenditure does not have significant impact on the share of education sector in the GDP while it has significant and negative relationship with average school enrollment. On the other hand capital expenditure does not have significant impact on the average school enrolment but it does on share of education sector in the GDP. The implication of the result is that enrollment growth in the education sector in Nigeria does not correspond with the recurrent expenditure in Nigeria. Also the capital expenditure in terms of provision of educational and infrastructural facilities has not been having significant impact on the volume of school enrollment in Nigeria. This study has added to the literature calling for the increase in funding of the education sector in Nigeria.

**KEYWORDS:** *Recurrent expenditure, Capital expenditure and School Enrollment*

## INTRODUCTION

Education role, both qualitative and quantitative, in the development of any society has been vastly documented in academic dissertations, journals, books, newspapers, seminars and conferences all over the world, and it is not my intention to re-invent the wheel or revisit it here. It has long been recognized that the survival of the Nigerian state, as a viable, progressive and democratic society will depend on the state or health of her educational systems – primary, secondary and tertiary.

It is again well known that prior to the decadent 1980s and 90s, Nigeria used to boast of a vibrant, progressive and highly and widely recognized educational system which competed favourably with any educational system in the developed worlds,

despite the fact that Nigeria was still classified as underdeveloped. Since the early 1980s, our educational system has been bedeviled and moribund due to many factors and circumstances, most of which were not unconnected with our well-known and much-talked-about vices of corruption, insincerity of our leaders and other woes. In fact, the military governments we have had contributed so much to the collapse of our educational system than anything else. The Federal Ministry of Education (2013) agreed that 1978 – 1999 period was an ill period for Nigeria education system because of instability and financial inadequacies due largely to general economic downturn of the 1980s. The crisis led to stoppage in the expansion of primary school

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regular occurrence of unpaid teachers' salaries, the degeneration of educational facilities and infrastructure at all levels and the attendant common place strikes across all tiers of Nigeria education system.

According to CBN (2012), poor financial investment has been the bane of Nigerian education system to the extent that the budgeting allocation has been very low compared to others. Furthermore, the federal government allocation to education has declined steadily since 1999 and is much lower than the average in the last five years of military rule. This is particularly important in view of huge increase in number of intake at all levels of education – primary, secondary and tertiary. During the oil crisis in the 80s, the administration and funding of the Universal Primary Education (UPE) scheme was decentralized. The rich states managed to maintain it while it collapsed in the poor states.

At college and University levels, the changes included the termination of the student teachers' bursary awards and subsidized feeding for students in higher education institutions. A cost-saving mechanism adopted in higher education was that of establishing state-owned Universities that were financed in part from tuition fees. In 1996, the FGN/ODA Nigeria Community Education Programme was introduced in Abia, Bauchi and Akwa-Ibom to meet the nomadic communities in the northern part of the country. The aims of these initiatives are to increase equality of access for women and girls in targeted communities. Other initiatives are in the restructuring of education funding arrangements. (Imahe, 2012, Hinchliffe, 2012 and Fashina, 2015). In 1994, the funding formula was revised by the government so that the states would share 50% equally, educationally disadvantaged states 25%, pupil enrolment 25% and population of the state 10%. In 1999, the federal government scrapped the National Primary Education Fund (NPEF) and reconstituted it under another name (The National Primary Education Commission). This action was taken in recognition of the states and local governments' constitutional responsibility for financing and managing primary education.

Alternative source of funding education explored by government is the Education Tax Fund (ETF) established in 1995. ETF ensured that companies with more than 100 employees contribute 2% of their pre-tax earnings to the fund. Primary education receives 40% of this fund. Secondary education receives 10% and higher education 50%. Primary education has, in the past also received from Petroleum Trust Fund (PTF) for capital expenditure and provision of

instructional materials. In higher institutions, gifts, endowment funds, consultancy services, farms, satellite campuses, pre-degrees etc are other alternative funding sources (Moja, 2015).

Studies over the years have shown that efficient economic and social services sector is essential for an even, integrated and sustainable development of the production and other sectors of the economy. It is also important for enhancing the standard of living of the people which in turn would motivate their productive capabilities. The social services include education, health, water resources and others. So much importance is always being attached to education especially in the 1950's and 60's, that it was seen, in some quarters as an end itself. Unfortunately, the much importance attached to education in Nigeria seems to die out gradually from the 1970's and almost becoming neglected. This is clearly shown in the percentage of government expenditure on social services, especially education which is falling yearly. For instance, the percentage share of social services in the functional classification of recurrent expenditure of the federal government was 16.6% in 1976, 11.2% in 1986, and 5.5% in 1996 and truly to rise from 3.0% in 1999 to 11.7% in 2000, 15.5% in 2010 (CBN, 2010). Despite all the alternatives, the infrastructure and facilities remain inadequate for coping with a system that is growing at a very rapid pace. The annual population growth rate was 3.3%. Due to poor financing, the quality of education offered is affected by poor attendance and inadequate preparation by teachers at all levels. The morale of teachers is low due to basic condition of service and low salaries. Furthermore, physical facilities need to be upgraded and resources such as libraries, laboratories, modern communication and Information technology equipment have to be provided. The quest for meeting these basic education needs has been the cause of unending crisis between government, and trade unions such as Nigeria Union of Teachers (N.U.T), Academic Staff Union of University (A.S.U.U), Non Academic Staff Union (N.A.S.U), etc. (Nwagwu, 2012).

The effect of the financial crisis on students, apart from fear of increase in tuition fee or its introduction in federal university is that they are mostly ill equipped for self-employment and there exists limited jobs to absorb them in the nation. Hence they readily become addition to the nation's unemployment figure. Evident from the above synthesis is that the funding mechanisms for education in Nigeria need be developed for the country to become a serious player in the new global economic, social and political order. To achieve this there is a need for a clear-cut

knowledge of existing expenditure trend, student enrolment and linkage with economic growth. Hence, this study aims at examining the effect of government spending on the Nigerian education.

## Literature review

### Concept of Government Expenditure

Government expenditure is an important instrument for government to control and manipulate the economy. It plays an important role in the functioning of an economy whether developed or developing. Chude and Chude (2013) observed that some scholars have argued that increase in government spending can be an effective tool to stimulate aggregate demand for a stagnant economy and to bring about crowd-in effects on private sector. Keynes (1936) however raised the idea that during depression, the use of fiscal policy will heighten economic activities. He therefore postulated that government should be involved by increasing government expenditure to stimulate aggregate demand, which will culminate in economic growth.

In the neoclassical growth model of Solow (1956), productive government expenditure may affect the incentive to invest in human or physical capital, but in the long-run this affects only the equilibrium factor ratios, not the growth rate, although in general there will be transitional growth effects. Government expenditure in an economy can clearly be categorized into recurrent and capital expenditure. The recurrent expenditure are government expenses on administration such as wages, salaries, interest on loans, maintenance etc. whereas expenses on capital projects like roads, airports, health, education, telecommunication, electricity generation etc. are referred to as capital expenditure (Obinna, 2003).

Government expenditure which is also referred to as public expenditure can be defined as expenses incurred in the public sector. It is the expenses incurred by the government at various levels which include the federal, state and local government levels (Siyan, 2000). Public expenditure is used to provide public goods and service to the populace through which economic growth is induced. The two broad types of government expenditure are recurrent and capital expenditures. Recurrent expenditures are payments, which includes all consumption items that occur in a year, they are non-payable transactions such as salaries, wages and allowances. Capital expenditure relates to payments for the use of non-financial assets used in production which contributes to long-term development. Examples include spending agriculture, health, education, roads and electricity.

Government expenditure is also referred to as outflow of resources from government to other sectors of the economy (Nurudeen & Usman, 2010). Samuelson and Nordhaus (2003) added that nowhere can the changes in government's role be seen more clearly than in the area of government spending. Karla (2006) opined that there was a time when public expenditure was considered the economy's revenue and so the best policy was considered one which kept the public expenditure to its absolute minimum. Public policy is the most essential instruments of government expenditure policy. Public finance started when Musgrave identified the three functions of fiscal policy which are; allocation, distribution, and stabilization of resources. According to Musgrave and Musgrave (1984), government in any economy ensures effective utilization of limited resources, equitable distribution of income and stability of economic development by means of fiscal policy. Heald and McLeod (2002) view public expenditure as a concept that denotes the dispensation by the state on non-market criteria of economic resources that is has acquired from firms and households.

### The Wagner theory

This theory postulates that the government expenditure increases as a result of industrial and economic growth in a country. This theory further emphasizes that there is both an absolute and a relative expansion of the public sector at the cost of the growth in the private sector. This is rooted on the assumption that during an industrialization process, as the real income per capita of a country increases, the share of public expenditure is also expected to increase (Serena & Andrea, 2011; Babatunde, 2011). This suggests that the development in the industrial sector of a country will be accompanied by increased government expenditure. Therefore, increased government expenditure (recurrent or capital) occurs to maintain the industrial and growth process. Bird (1971) justifies this postulation based on three evidences: the administrative and protective functions of the government would require huge capital expenditure outlay; there will be the need for increased provision of social and cultural goods and services as the industrial sector grows. The government expenditure would be needed to manage and finance natural monopolies and ensure smooth operation of the market forces.

It is also argued that government would have comparative advantages (e.g. capital) alongside the private sector in a growing economy (Rowley & Tollison, 1994). This is because the growth in the economy will attract shocks within the system and to ameliorate the effect of these shocks, the

government's intervention becomes pertinent. Furthermore, the industries set up by the private sector will look forward to the government's involvement in ensuring sustainability and effectiveness through the provision of key facilities such as: infrastructures, health services and security. The provision of these facilities will involve an increase in government expenditure. Therefore, the main postulation of the Wagner's theory is that government expenditure usually increases to match the growth rate of the industrial sector of the country. This theory is reviewed as part of the theories of expenditure to have more understanding on the usefulness of government expenditure as a component of fiscal policy. This theory is not adopted in this study as it is only based on an industrialized economy of which Nigeria is not ranked among.

### **Leviathan theory**

This theory proposes that the aggregate government's intervention in the economy will be reduced as the taxes and expenditures are reduced, *ceteris paribus*. Rodden (2003) asserted that the Leviathan theory emanates from the fact that the central government is viewed as a 'revenue maximizing leviathan' that seeks to maximize her revenue by fiscal decentralisation of the central government monopoly on taxation. This theory maintains that the more decentralised the central government, the lower the government spending in the economy because the decentralized unit will be responsible for revenue generation and expenditure disbursement. By this, the pressure on the central government reduces and it is transferred to the sub-units.

In Nigeria, Olayiwola and Osabuohien (2010) described this situation as fiscal hydrocephalus, where the leviathan trait is obvious as the federal government (FG) has overbearing fiscal jurisdiction (legislation, administration and collection of taxes). In effect, the FG legislates over 15 tax types and administers/ collects eight types of tax, the state government (SG) legislates six types of tax and administers 11 types of tax. While the local government (LG), which is the lowest cadre in public administration in Nigeria has no legislation over any form of tax, and it only administers/collects only two types of tax (Olayiwola & Osabuohien, 2010). This study therefore adopts the Keynesian theory and the endogenous growth theory because according to the Keynesian theory increase in government expenditure leads to increase in output through the multiplier effect, that is to say increase in government expenditure enhances economic growth. Similarly, the endogenous growth theory is adopted because the theoretical framework for examining growth in the

theory is determined by the system governing the production process such as public investment, physical and human capital rather than by the forces outside the system.

Agu and Evoh (2011) examined macroeconomic policy especially government expenditure and its impact on employment in Nigeria. The study examines the contradictions and challenges facing the realization of the goals of gainful and productive employment in Nigeria. By using a recursive structural Vector Autoregressive model, they found that increases in monetary policy rate (MPR) to cut down on inflation have a depressing impact on the economy. The result of this study did not support the assertion that a tight monetary policy coupled with a contractionary fiscal policy will engender natural rate of growth of the Nigerian economy. This is contrary to persuasive monetary policy advice for inflation targeting pursued by central banks and the International Monetary Fund (IMF). The study suggested that a more flexible inflation rate, increased money supply, access to credit and a modest but upward adjustment to capital and recurrent expenditure have greater potential in accelerating GDP growth and for the attainment of full employment and poverty reduction in Nigeria. Economic activities leading to expansionary trends in GDP growth and the growth rate of credit and money supply pose no unenthusiastic challenge on inflation. Rather, such activities can only be a boost to the labor market in Nigeria.

Olasunkanmi and Babatunde (2013) examined the effects of government expenditure and revenue on the current account as well as the dynamic interactions among fiscal policy shocks and current account with the other macroeconomic variables: real output, real interest rate and exchange rate for Nigeria over the periods 1980:1-2010:4. The identification of fiscal policy shocks is achieved via structural VAR approach proposed by Blanchard-Perotti (2002). The results of this study indicated that the expansionary fiscal policy shock has a positive effect on output, exchange rate and negative impacts on current account balance and interest rate. By implication, this study suggested that fiscal policy can stimulate economic activity through expenditure expansions at a cost of lower interest rate and exchange rate appreciation in the medium term and a sustained current account balance will enhance output via fiscal consolidation.

Aremo, Orisadare and Ekperiware (2012) investigated oil price shock and fiscal policy management in Nigeria. According to them, high Oil price fluctuations have been a common feature in Nigeria

and these have considerably constituted a major source of fiscal policy disturbance to the Nigerian economy as well as the economies of other oil producing countries of the world. The over-reliance on oil production for income generation combined with local undiversified revenue and export bases is an issue for concern. This has policy implications for economic policy and in particular fiscal policy management. According to them the motivation for the study was to examine the effect of oil price shock on fiscal policy in the country. Using structural vector auto regression (SVAR) methodology, the effects of crude oil price fluctuations on two major key fiscal policy variables (government expenditure (GEXP) and government revenue (GREV)), money supply (MS2) and GDP were examined. The results showed that oil prices have significant effect on fiscal policy in Nigeria within the study period of 1980:1 to 2009:4. The study also revealed that oil price shock affects GREV and GDP first before reflecting on fiscal expenditure. The study suggested strongly that diversification of the economy is necessary in order to minimize the consequences of oil price fluctuations on government revenue, by implication government expenditure planning in the country.

### Model Specification

This study adopted the framework of endogenous growth models. Considering the Lucas model of growth with human capital formation where growth is expressed as a function capital (K), labour (L) and human capital (H) in economic literature, human capital is synonymous to expenditure on education. i.e  $Y = f(L, K, H)$ . However, to examine the impact of government expenditure on education we formulate two models. The first used the share of the education sector in the GDP as dependent variable while the other used average school enrollment as the other dependent variable in the second model. Consequently, the models adopted for this study are specified below;

#### Model 1

$$GDP_{edu} = f(\text{capex}, \text{curexp}, \text{gdp})_1$$

#### Model 2

$$Avscer = f(\text{capex}, \text{curexp}, \text{gdp})_2$$

The model is therefore presented below in econometric form as;

$$GDP_{edu} = \alpha_0 + \alpha_1 \text{capex} + \alpha_2 \text{curexp} + \alpha_3 \text{gdp} + u_i \quad 3$$

$$avscer = \beta_0 + \beta_1 \text{capex} + \beta_2 \text{curexp} + \beta_3 \text{gdp} + u_i \quad 3$$

### Identification of Variables

From the model above the variables are therefore identified thus;

GDP<sub>edu</sub> = Share of education sector in Gross domestic product

CEx = capital expenditure on education

REx = Recurrent expenditure on education

GDP = Gross domestic product

U = Error term

### Estimation Techniques

This study adopts both descriptive and linear regression analysis.

**Descriptive Analysis:** Summary of statistics which include the mean, median and standard deviation of the data will be explored. Again the correlation matrix will also be examined to enable us ascertain the pattern of distribution of the data. Finally, Bar Chart will be used to compare the summary of statistics.

**Regression Analysis:** The estimating technique adopted for this research work is the Ordinary Least Square Estimating technique, precisely the multiple regression version. Two models are employed in order to empirically investigate the effect of government expenditure on education in Nigeria. The ordinary least square (OLS) method of multiple regression is adopted because the OLS appears appropriate as it yields estimator which are best linear, un-biased and efficient.

### Sources of Data

This study made use of secondary data which is extracted from Central Bank of Nigeria Statistical bulletin (2020) edition and other relevant Journals/Publications. World Bank data table is also made use in sourcing for the needed data.

### Result and Discussion

This section of the study presents the empirical results and the interpretation of the results is also made here. However, basic inferences are also drawn from the findings. As one of the objectives of the study, assessment of the pattern of government expenditure on education in Nigeria is done through descriptive analysis.

### Descriptive Statistics

The descriptive analysis employed in this study ranges from summary of statistics table. This includes the mean and the standard deviation of the distribution. Also the correlation matrix of the variables is generated and finally a bar chart showing the diagrammatic pattern of the distribution of the variables are also shown.

**Table 1 Summary of Statistics of the variables**

Variables	Obs	Mean	Std. Dev.
Asce	32	26.15333	12.10904
Lcurexp	32	8.930778	1.919238
Lcapexp	32	7.971369	2.079898
Lgdpedu	32	8.006334	1.84947
Lgdp	32	27.90251	2.292483

*Std. Dev. Standard deviation  
Source: Authors Computation*

Table 1 shows the descriptive analysis in terms of the summary of the statistics for all the variables. The means of average school enrollment (asce) and log of GDP (lgdp) are the highest. Considering the distribution, this is an indication that, among all the

variables the two are likely going to exhibit the same pattern of growth over the years. Log of capital expenditure on education (lcapexp) has the lowest mean which implies that the nature and pattern of capital expenses of government over the years appears not to be too impressive. The nature and pattern of log of recurrent expenditure on education (lcurexp) and log of education GDP (lgdpedu) expectedly follow the same way. That is their means are generally low since it shows that the data on all the three are generally concentrated at lower end of the distribution. To further explore the pattern of the distribution of the variables the study considers the correlation matrix the result is presented in table 2

**Table 2 Correlation Matrix of the Distribution**

	Asce	Lcurexp	Lcapexp	Lgdpedu	Lgdp
Asce	1.0000				
Lcurexp	0.4434	1.0000			
Lcapexp	0.9387	0.8849	1.0000		
Lgdpedu	0.9661	0.9365	0.9532	1.0000	
Lgdp	0.9664	0.9278	0.9437	0.9923	1.0000

*Source: Authors Computation*

Table 2 shows the correlation and covariance nature of the variables used in our model. On the whole there appears to be positive correlation among all the variables. Notwithstanding, the magnitude of the confidence differs from one variable to the other. However, of importance is the pattern of relationship between recurrent expenditure on education and average school enrollment rate. Though 0.4434 is a positive figure but among all other correlation coefficient in the table it is the lowest. This suggests a weak positive correlation between recurrent expenditure on education and average school enrollment. All other correlation coefficients in the table indicate strong positive correlation coefficient.

Finally, the descriptive analysis of the variables is shown using diagrammatic expressions inform of bar chart. This enables us to vividly show and compare the pattern of the growth of government expenditures on education as well as the effect on the growth of the education sector in Nigeria. The bar chart is presented in figure 1

**Figure 1 Bar Char of the Distribution**

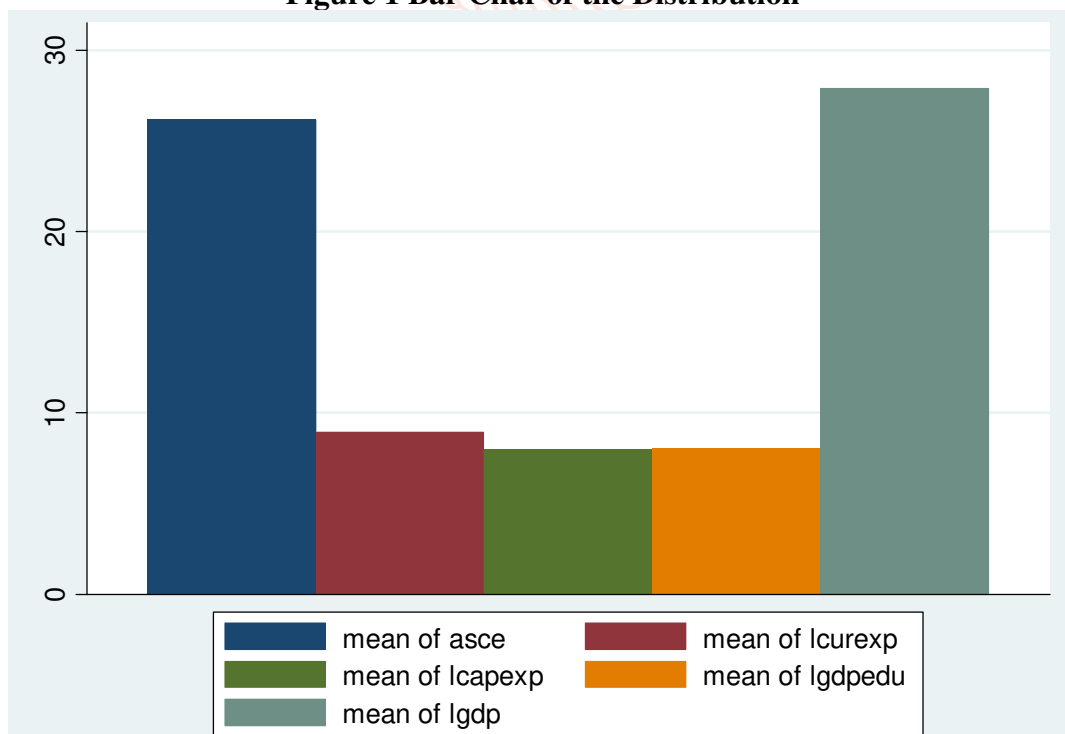


Figure 1 further confirms the pattern of relationship noticed in both tables 1 and 2. Both average school enrollment rate and GDP has the highest mean value as shown from the height of the bins representing the two. This is an indication that they both exhibit same pattern of growth.

## The Regression Results

**Table 3 Regression equation for average school enrollment (asce) Model 1**

Variables	Coefficient	Standard Error
Lcurexp	-2.531711***	0.61853
Lcapexp	1.617905	0.6437856
Lgdp	5.686017**	0.7291915
Constant	-122.7876	13.56508

$R^2 = 0.96$ ,  $F(3, 28) = 241.35^{***}$ ,  $\text{Prob} > F = 0.0000$

\*\*\* Statistical significance at 1%, \*\* Statistical significance at 5%,

Source: Authors Computation

Table 3 shows the result of the regression for the first model. It explains the empirical relationship between average school enrollment and other independent variables such as recurrent expenditure on education, capital expenditure on education and gross domestic product (GDP). From the table, the relationship between average school enrollment and recurrent expenditure on education is negative. This is an indication that as school enrollment rises the recurrent expenditure on education in Nigeria might not rise. Again, the coefficient of recurrent expenditure on education is statistically significant, showing that the relationship is significant. This is a pointer to the fact that the negative effect of shortage of recurrent expenditure on education is significant.

The relationship between capital expenditure on education and average school enrollment is expectedly positive but not statistically significant. This is an indication that the impact of government capital expenditure on education in Nigeria is not significant. From the coefficient a unit rise capital expenditure on education might lead to about 1.6 increases in average school enrollment. In other words, capital expenditure on education in Nigeria is not adequate enough to accommodate the resultant school enrollment coming out from it due to the non-significance of the coefficient.

The GDP also shows the expected relationship. That is the empirical result indicates that there exists a positive relationship between GDP and average school enrollment. And in addition, the relationship is significant. But it should be noted that GDP does not necessarily means rise in funding of the education. Over the years GDP of Nigeria might have been rising but the expenditure on education might not follow suit.

The R square is very impressive. The value of R square of 0.96 is an indication that about 96%

variation in average school enrollment is explained by the independent variables that is recurrent expenditure on education, capital expenditure on education and GDP. The explanatory power of the independent variables is very high. Following this, the test of overall statistical significance that is F test shows that the model is statistically significant at 1%. The result has corroborated the high R square value obtained in the empirical result.

**Table 4 Regression equation for Share of education in the GDP (gdpedu) Model 2**

Variables	Coefficient	Standard Error
Lcurexp	0.0999107	0.0519276
Lcapexp	0.1283837*	0.0540479
Lgdp	0.6130261***	0.061218
Constant	-11.01431	1.138833

$R^2 = 0.98$ ,  $F(3, 28) = 820.36^{***}$ ,  $\text{Prob} > F = 0.0000$

\*\*\* Statistical significance at 1%, \*\* Statistical significance at 5%,

Source: Authors Computation

The share of education in the GDP represents the output of the education and the relationship with other variables such as recurrent expenditure on education, capital expenditure on education and GDP. The result indicates that there exists a direct relationship between recurrent expenditure on education and education share in GDP. But the relationship is not statistically significant. This shows that recurrent expenditure on education does not have significant impact on output in the education sector. The coefficient being 0.0999107 shows that unit rise in the recurrent expenditure only adds about 9% increase in the output of the education sector.

Again, as expected the relationship between capital expenditure and output of the education sector is positive and significant at 1% but not at 5%. Since it is customary to always test at 5% level of significance, hence, capital expenditure on education appears to have a marginal significant impact on the output of the education sector. The GDP shows a positive and significant relationship with the output of the education sector. This might not be unconnected with the fact that output of the education sector is proxy by share of education sector in the GDP. Therefore it is a component of the GDP hence the kind of relationship seen in the result.

## Basic Inferences from the findings

Firstly, findings from the result have shown that recurrent expenditure on education in Nigeria is not adequate. Note that recurrent expenditure includes

salaries of teachers and running grants informs of subventions to the education institutions'. Generally, the result has shown that education sector in Nigeria is grossly underfunded in terms of recurrent expenditure.

Secondly, the results have also shown that capital grants to the education sector is not enough. For instance considering the result in model 1, average school enrollment is rising but capital expenditure which simply connotes expenses on buildings and various structures for the education institutions in Nigeria is not adequate. This is a clear picture of the situation in most government owned education institutions especially tertiary institutions. A visit to many universities today reveals that many of them lack required buildings and structures to accommodate the frequent upsurge in the number of enrollment.

### Conclusions

The study has shown that recurrent expenditure is grossly inadequate as it shows a non significant relationship with both average school enrollment and share of education sector in the GDP of Nigeria. This can be linked to why teachers are clamouring for increase in wages and salaries incessantly. Note that recurrent expenditure covers salaries and other running and maintenance grants.

Again, the capital expenditure has been shown not be adequate also. However, though some of the findings show that comparatively the capital expenditure is a bit better than the recurrent expenditure in terms of impact on the education in Nigeria. Nonetheless this is not to say that it is adequate because it shows a very weak impact.

It can be concluded from the study that expenditure on education that is both recurrent and capital expenditures are on the lower growth rate than the average school enrollment and the GDP. The implication is that despite the fact that enrollment is increasing in the schools; it is not met with commensurate increase in the funding of these schools. This has been the major reason pressure groups in our various institutions have been mounting pressure on the government to improve the funding of primary, secondary and the tertiary education institutions.

### Recommendations

Considering the findings from the research work the following recommendations are made:

**1. Increase in the recurrent expenditure on education:** The study has shown that recurrent expenditure on education in Nigeria is very inadequate. Consequently, government is advised

to faction ways of improving running grants, maintenance funds as well as salaries of workers in the education sector. This might improve the output in the education sector and also increase its contribution to the GDP.

**2. Improvement in capital expenditure on education:** The weak relationship between capital expenditure and education share of GDP as well as average school enrollment is a pointer to the fact that capital grants to the education sector in Nigeria is not adequate, Effort should be made by the government to improve in the capital grants to the education institutions.

**3. Adequate monitoring of school enrollment:** It was discovered that school enrollment trend in Nigeria has been on the rise but expenditure on education has been on a very slow pace. Government should look beyond establishing of education institutions all the time without commensurate funding. This has been the reason for the congestions witnessed in son many schools in Nigeria. This has serious negative effect on the output of the education sector.

**4. Utilizing the National income for promoting education sector:** The result of the study have shown that the GDP is on the rise while the expenditure to the education sector is dwindling. Nigeria is one of the countries that still fall short of the required 40% budgetary allocation to the education sector as stipulated by UNESCO. This is why the GDP is on the rise and yet it is not reflecting positively of the education sector. It is advised that government should carve out more budgetary allocation to the education sector.

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