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Effects of Public Education Expenditure on Primary School Enrolment in Nigeria

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Abstract

The paper investigates the effects of public education expenditure on primary school enrolment in Nigeria. The methods of analysis include Augmented Dickey-Fuller test, Johansen cointegration test, granger causality test and Error Correction Method. The study shows that there is bi-directional causality between capital expenditure on education and enrolment at this level of education; however, there is uni-directional causality in case of recurrent expenditures and enrolment rate at this educational level, running from school enrolment to recurrent expenditure on education. The results of error correction models suggest that the impact of recurrent expenditures on primary and school enrolments remain highly insignificant. The capital expenditure on education has wrong negative sign with low coefficient value and rather insignificant. The low value of the error correction term suggests that the Nigeria economy is structurally irresponsive to any shocks or disequilibria which took place in the previous years. The paper concludes that there is need to inject more funds into this tier of education which should largely focus on improving this educational level, both in terms of human resource development and infrastructure.

Introduction

The role of education in the socio-economic development of any nation is very crucial. According to Glewwe and Iliias (1996), education remains an end in itself and a means for achieving other goals of development like economic growth, poverty reduction, improved health status, greater equity and reduced fertility. In Nigeria, like any developing economy, the role of government as a provider of funds to educational sector at the primary, secondary and tertiary levels remains crucial. Various successive governments in Nigeria have thus increasingly augmented their educational expenditure allocation to bring about the desired educational outcomes in Nigeria. The public expenditure on education increased from 6.2 million Naira in 1970, to 850 million Naira in 1975 and 106,560.3 million Naira in 2004 (Central Bank of Nigeria, 2000). School enrolments at primary, secondary and tertiary levels have also been increasing since 1970 in Nigeria. Primary school enrolment was 3.5 million in 1970, 14.3 million in 1984 and 24 million in 2000; secondary school enrolment was 14,000 in 1977, 116,000 in 1984 and 352,000 in 2000; while University institutions' enrolments increased from 14,000 in 1971 to 116,000 in 1984 and later to 352,000 in year 2000 (Central Bank of Nigeria, 2000).

Despite the increase in school enrolment and public expenditure on education, evidence in the literature revealed conflicting positions regarding the extent of the relationship between these variables. This is evident in the areas of the causality between these policy variables and the impact of public expenditure on education and school enrolment. Studies that investigated the causality between educational expenditure and school enrolment outcomes have attracted growing attention in the developed world. These results however are mixed. Greenwald et al (1960), and Krueger (2003), asserted that education expenditures positively impacted educational access and outcomes. Other studies have however questioned this position; for instance, Betts (1996), Hanushek and Rivkin (1997), Hanushek (1986, 1987 and 2003) and Al-Samarrai (2003 and 2006) are of the view that educational expenditures do not have positive impact on Educational outcomes and enrolment outcomes.

The study is divided into five sections, section one focuses on Introduction; section two reviewed related literatures and conceptual framework; section three presents model specification and section four discusses the analytical techniques and results, while section five concludes the study.

Literature Review and Theoretical Framework

The basic role of education in economic development of any nation has been recognized in the literature. Education has both intrinsic as well as instrumental value and its utility is for the individual and the society in general (Sen, 1999). Education benefits the individual who received it which in turn has effect on the individual's future streams of income. A better educated workforce at the macro level augment the human capital stock of an economy and productivity level. The state however has a crucial role to play in ensuring the equitable distribution of educational opportunities in any nation. The rationality of public expenditure has also been aptly demonstrated by Rao (1998), and Mundle (1998) and Mingat (1998) concluded that several factors which accounted for the impressive performance of Asian economies include: fiscal prudence in overall government budget, appropriate allocation of public expenditure which initially focuses on compulsory elementary education, high priority of social services, and efficiency of public taxation ratio which *complementarily worth high teacher salaries*.

Pedro and Heckman (2002) examined the relationship between family income and college enrolment and the evidence of credit constraints in post-secondary schooling. It was observed that there was correlation between family income and college attendance arising from short run credit constraints or from long run family effects. The latter is however more important than the short run credit constraints in United States of America. In a similar study, Agharsson and Carlin (2002) examined the effect of family background on return to education in Sweden. They found out that controlling for background reduces the measured return to education by nine percent. This Swedish experience supports the hypothesis that family background affects are primarily the consequence of an efficient marital sorting mechanism.

Long (2004) examined the impact of financial policies on the behaviour of post secondary institution in the area of college pricing, institution aids, expenditure and state appropriations. Long found out that four-year colleges in Goergia, particularly private institutions, responded by increasing student charges at a faster rate than similar schools in nearby states. The result provided a strong evidence that private colleges increased tuition prices while reducing aid. Also, public colleges increased room and board fees by ten cents more than comparison group. Eberts, Hollenberk and Stone (2002) investigated the usefulness of using merit pay for teachers as an incentive to boost school quality or school outcomes. The result suggested

that merit pay system could lead to higher student retention i.e. high weekly attendance rate; however, merit pay system failed to generate positive impact on student results, daily attendance rate and course passing rates and modification of course contents.

Sefor & Turner (2002) examined the effects of federal students aid policy on the decision of older students enrolment decisions of potential students in their twenties and thirties. Using ordinary least squares method, they concluded that changes in the availability in federal financial aid had a significant effect on the enrolment behavior of older, non- traditional students, but the effects is rather modest on the traditional college- aged students.

Hanushek & Rivkin (1997) investigated the component of educational expenditure in USA. They decomposed the growth of educational expenditures into four components of student enrolment, instructional staff per pupil and the school enrolment length, the price of instructional materials and other spending. They concluded that changes in public school enrolment had greatly affected the educational expenditure. The missing prices of instructional staff, the declining pupil- teacher and pupil- staff ratios and rising noninstructional staff-cost had significant impact on educational expenditure.

Bommier & Lambert (2000) examined the factor responsible for delays in enrolment in Tanzania which they observed usually place two or three years after the legal enrolment age. They also estimated the enrolment age and schooling duration by maximum likelihood techniques. Findings from this study showed that boys and girls followed clearly different pattern of schooling which could result from different pre- school training or the desire to prepare girls for early marriage. The findings of Bommier and Lambert (2000) study revealed that late enrolment of children in less developed countries into primary schools beyond the legal age supports the previous studies in Ghana by Glewwe and Jacoby (1993 and 1995), and in Cote D'Ivoire by De Vreyer, Lambert and Magnac (1998). The explanation given for the delays according to Jacoby (1994) is that it might be linked with the existence of liquidity constraints. Glewwe and Jacoby 1995 opined that delay might be caused by malnutrition problems.

Elderman, Behrman, Lavy and Manon (2001) investigated the impact of pre- school age child health and nutrition on subsequent school enrolment decisions in rural Pakistan using longitudinal data set. Their findings suggest that fairly substantial effects of pre- school nutrition on School enrolments that are larger for girls than for boys. The implication of this is that improvements in child pre- school nutrition are likely to endanger future productivity.

Rice (1987) examined the extent to which the decision to participate in further education is

influenced by household income using data for a sample of Juveniles aged sixteen and seventeen years taken from the family expenditure survey. The findings from this study indicated that household income is a significant determinant of the propensity of the Juvenile male population to continue full-time education beyond the compulsory level. The household income was not however a significant determinant of decision of the female Juvenile to continue full-time education.

Glewwe and Jacoby (1994) investigated the impact of school characteristics on students' achievement in Ghana using ordinary least squares regression analysis with probit methodology. It was found out that the advantages resulting from school improvement are clearly underestimated if the effect of school enrolment decision on grade attainments are not considered. Their study also reviewed that children in Ghana had flair for better quality middle schools, but no evidence in support that ignoring sorting of children into schools negatively biased the effects of school quality on achievement.

Model and Data Sources

The model adopted in this study is adapted from the work of Anyanwu and Erhijakpor (2007) who carried out similar studies on some selected African studies with some peculiarities to the argument variables to ensure that the model adequately captures the peculiarities of Nigeria. The econometric approach employed is based on ordinary least squares regression of employment equations. The specification is however consistent with the literature and enables thorough identification of the channels through which government expenditure and other policy variables affecting the school enrolments to be appropriately modeled. Following these authors, the model below was estimated:

$$LPSE = B_0 + B_1 LCEE + B_2 LGNP + B_3 LPOP + B_4 \ln LREE + B_5 LUEM + B_6 LTEH + \epsilon_t \quad (1)$$

Where LPSE is the Log of primary school enrolment rate; GNP is the Log of real national Income; LCEE is the Log of capital expenditure on education; LPOP is the Log of population; LTEH is the Log of health expenditure; LUEM is the Log of unemployment; and ϵ_t is the stochastic error term. The a priori expenditures from these model are: $B_1, B_2, B_3, B_4, B_5 > 0$; $B_6 < 0$ and $B_0 > 0$.

This implies that exogenous variables of CEE, GNP, OPO, REF, THE. And UME have positive functional relationship with the endogenous of PSE, i.e primary school enrolment. The coefficient of employment B_5 could

assume either positive or negative value; negative effect of unemployment rate leads people to demand for more education to sidetrack the negative effect of unemployment, but $\beta_3 \leq 0$ if reduction in unemployment leads to more demand for education as this represents improved wealth that enhances the demand for education. β_0 is assumed strictly greater than 0.

Error Correction, Model (ECM)

A Significant aspect of the model estimation is the estimation of the short run model which is the dynamic error representation of the series specified in equations 1 above. From this equation; we obtain one year period lag error correction terms which are then incorporated into the overparameterised model formulated to deal with mis-specification problems. The overparameterised model is however reparameterised as Error Correction Model using Engle Granger two-step method. Through the process of continuous stepwise reduction of relatively insignificant parameters in the overparameterised ECM model, parsimonious model is obtained. The transformed model takes this form:

$$\Delta(PSE)_t = \beta_0 + \sum_{i=1}^n \beta_1 \Delta LPSE_{t-i} + \sum_{i=1}^n \beta_2 \Delta LCEE_{t-i} + \sum_{i=1}^n \beta_3 \Delta LGNP_{t-i} + \sum_{i=1}^n \beta_4 \Delta LPOP_{t-i} + \sum_{i=1}^n \beta_5 \Delta LREE_{t-i} + \sum_{i=1}^n \beta_6 \Delta LTEH_{t-i} + \sum_{i=1}^n \beta_7 \Delta LUEM_{t-i} + \beta_8 ECM_{t-1} + \epsilon_t \quad (2)$$

The ϵ_t is the one-year period lag of the enrolment error correction term obtained from static regression of equation 1. As all the variable are first-differences to make them stationary, Ordinary Least Squares method gives consistent and valid estimate (Enders; 1995); Δ implies first-differences; and the speed of adjustment is represented as β_8 .

Pairwise Granger Causality Test

Pairwise Granger causality test is carried out to ascertain the direction of causality between school enrolment and public expenditure on education in Nigerian. This is done after the series have been tested for stationary. In line with the procedure suggested by Dickey and fuller (1979), the bivariate Granger causality regression models for estimate are specified below:

$$X_t = \sum_{i=1}^n \alpha_i X_{t-i} + \sum_{i=1}^n \beta_i Y_{t-i} + \epsilon_t \quad (3)$$

$$Y_t = \sum_{i=1}^n \alpha_i Y_{t-i} + \sum_{i=1}^n \beta_i X_{t-i} + \epsilon_t \quad (4)$$

X_i and Y_i stand for school enrolment and public expenditures series respectively. Granger causality essentially examine the extent of prediction of current change in school enrolments (X_i), by past change in public expenditure Y_i beyond the explanation provided by past change in Y_i itself (Granger, 1969, 1986). If otherwise, X_i does not "Granger cause" Y_i if parameter α_i and β_i are jointly significant, the hypothesis that X_i does not Granger cause Y_i is rejected.

Data Sources

In the study, till date series are annual data. Data on real Gross Domestic product, primary school enrolment, secondary school enrolment and tertiary school enrolment, capital expenditure on health, current expenditure on education, capital expenditure on education, unemployment, population, are take from World Bank, World Development indicators (WDI), database, African Development Bank's data base and annual Statistical Report of central Bank of Nigeria (various issues).

Empirical Analysis

In this section, the results of unit root test, Johansen cointegration test, error correction mechanism and Granger causality tests are presented. First, the time series properties of the variables used in the models were investigated using both the unit root and cointegration tests over the sample period 1970 and 2005. After determining the level of cointegration existing among the variables, error correction methods and Granger causality were estimated.

Unit Root Test

The results of ADF unit root test are presented in tables. The results show that all the variables save logs of capital expenditure on education and GDP have unit roots. Stationarity is however obtained by differencing the variables. The variables of recurrent expenditure on education, total expenditure on health (LTEH), Primary school enrolment (LPSE), and unemployment (LUMP) are intergrated of order one i.e I (1). Gross domestic production (LGDP) is stationary at level i.e. I (1), while Capital expenditure on education (LCEE) and population (LPOP) are integration of the other two I(2).

Table 1: Unit Root Test: Augmented Dickey Fuller Unit Root Test (1970-2005)

Variables	ADF statistics (At levels)	ADF Statistics (1 st Difference)	ADF Statistics (2 nd Differences)	Order of Integration
LCEE	-2.2226	0.2357	-7.3453**	1 (2)
LGDP	5.3126**	2.2490	-3.3486	1 (0)
LPOP	-3.5086	0.2340	-5.7517**	1 (2)
LREE	-0.02005	8.8898**	3.1446	1 (1)
LTEH	-1.18848	-3.5950**	3.5016	1 (1)
LPSE	-2.1970	-5.0362***	-7.6192***	1 (1)
LUMP	-2.8312	-7.1028**	-6.3337***	1 (1)

Source: Own Computation. Critical Values at 5% is 3.56*** Significant at 5%.

The cointegration test is conducted having confirmed the presence of unit root in the series. The reduced rank by Johnson (1988) and Juselius (1990) are applied.

These two studies are based on trace and maximum eigenvalue tests which are adopted in this study. The trace test is applied with the null hypothesis that there are most cointegrating vectors and this is tested against the alternative hypothesis. On the other hand, the maximum eigenvalue test is applied with the null hypothesis of r cointegrating vector as against the alternative hypothesis of $r+1$ cointegrating vectors. Hypothesis testing on both loading and cointegrating vectors are calibrated after determining their number of relationships. The lag selection is based on the evidence provided by Akaike information criterion (AIC) and to mitigate the effect of serial correlation of the residuals, sufficient lag length is used.

Three Johansen cointegration tests were carried out to conform to the three models specified in equations 3, 4, and 5. The result of the primary school model variables are presented in tables 2 below while those of secondary and tertiary school model variables are presented in the appendix.

Table 2

Sample (adjusted): 1972-2005

Series: LCEE LGNP LPOPU LREE LTEII LPSELUMETO

Lags interval (in first differences): 1 to 1 Unrestricted Cointegration Rank Test (Trace)

Hypothesized	No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob. >= I
None*	0	0.981397	328.6094	125.6154	0.0000
At most 1*	1	0.926771	193.1391	95.75366	0.0000
At most 2*	2	0.770791	104.2575	69.81889	0.0000
At most 3*	3	0.521338	54.17143	47.85613	0.0114
At most 4	4	0.425359	29.12156	29.79707	0.0597
At most 5	5	0.247652	10.28522	15.49471	0.2594
At most 6	6	0.017790	0.610294	3.841466	0.4347

Trace test indicates 4 cointegrating eqn (s) at the 0.05 level

*denotes rejection of the hypothesis at the 0.05 level

**MacKinnon-Haug-Michelis (1999) p-values

Table 2 above shows the cointegrating relations when the log of primary school enrolment is incorporated into the model. The null hypothesis of at most 3 cointegrating equations is rejected and the alternative hypothesis of at least four cointegrating equations is accepted at 5% significance level. In tables A and B shown in the appendix, the results of the cointegrating relations when the log of secondary school enrolment and the log of tertiary school enrolment are incorporated into the model are presented. The null hypothesis of at most 2 cointegrating equations is rejected and the alternate hypothesis of at most 3 cointegrating equations is accepted at 5% significance level when the log of secondary school enrolment is considered.

The evidence of the existence of at most 4 cointegrating equations consequent upon the rejection of the null hypothesis of at most 3 cointegrating equations at 5% significance level is observed when the log of tertiary school enrolment is incorporated into the cointegration test. Overall, all the three model variables show evidence of com essence in the long-run i.e. evidence of cointegration.

Pairwise Granger Causality Test

The results of Granger-causality test are presented in table 3. The analysis is based on the assumption of weak exogeneity rather than strong exogeneity assumption of non-causality. The results therefore shows which variables predict the others out of school enrolment, capital expenditure on education, and recurrent expenditure on education.

Table 3: Pairwise Granger-Causality Tests

Sample 1970-2005.

Lags (4)	Obs.	F-Statistic	Prob.
Null Hypothesis			
LPSE does not Granger-cause LCEE	32	5.55366	0.0028
LCEE does not Granger-cause LPSE	32	6.37922	0.0013
LREE does not Granger-cause LPSE	32	1.13958	0.3628
LPSE does not Granger-cause LREE	32	11.3837	3.E-05

Source: Self Computation.

The table 3 above depicts the pair-wise Granger-causality test results for school enrolments, capital expenditure on education and recurrent expenditure on education is divided into two panels: The first panel shows the causality between primary school enrolment (LPSE) and the capital expenditure on education (LCEE). This shows a strong case of bi-directional causality between the two variables. This is confirmed by the very low values of the probabilities of (1.0028 and 0.0013; which implies a rejection of the null hypothesis at 0.05 significance level. The above causality results suggest that capital expenditure on education could predict the direction of school enrolments at the primary school level in Nigeria. Also, the school enrolment at this level of education is potent enough to predict capital expenditure on education in Nigeria. The causal relationship between that recurrent expenditure on education and the school enrolment levels shows that recurrent expenditure on education (LREE) is confirmed not to granger-cause primary school enrolment at high level of probability of 0.3628, while primary school enrolment (LPSH) could granger-cause recurrent expenditure on (LREE) at a very low probability level of 3.3 E-05. This unidirectional causality could probably explain the very low attention being directed by the government to the welfare of teachers at primary school level in Nigeria, particularly in respect of their salary package which is ridiculously low. This

has since generated some series of strikes in the economy of recent. This finding of unidirectional causality from school enrolment to educational expenditure supports the position of Hanushek and Rivkin (1997) who observed this pattern in a similar study in United States of America.

Error Correction Model (ECM) of School Enrolment

The parsimonious result derived from the overparametrised differenced autoregressive distributed lag model regression is shown in this section. This model has been chosen on the basis of their robustness based on the reduction of the values of the Schwarz criterion and Akaike information criterion.

Table 4:

Dependent Variable: DLPSE

Method Least Squares

Sample (adjusted): 1974-2005

Included observations: 32 after adjustments.

	Coefficient	Std. Error	t-Statistic	Prob.
DLPSE(-1)	0.456761	0.148598	3.073809	0.0065
DLCEE	-0.000191	6.26E-05	-3.052694	0.0069
DLCEE(-1)	-0.000527	0.000136	-3.877031	0.0011
DLCEE(-3)	-9.25E-05	5.84E-05	-1.583380	0.1307
DLGNP	1.54E-12	6.61E-13	2.332717	0.0315
DLGNP(-3)	4.97E-12	1.03E-12	4.824885	0.0001
DLPOPU(-2)	4.881401	3.217263	1.517253	0.1466
DLPOPU(-3)	-4.987214	3.330059	-1.497636	0.1516
DLTEH	0.000160	8.97E-05	1.782550	0.0915
DLTEH(-1)	-0.000174	7.85E-05	-2.211865	0.0401
DLTEH(-3)	-0.000468	0.000148	-3.160959	0.0054
DLUMETO(-1)	4.15E-06	2.67E-06	1.554037	0.1376
DLUMETO(-3)	4.76E-06	2.48E-06	1.915073	0.0715
ECMILAG	-0.181243	0.083582	-2.168455	0.0438

R-squared	0.905800	Mean dependent	0.671800
Adjusted R-squared	0.837766	S. D. dependent var	1.656271
S.E. of regression	0.667117	Akaike info criterion	7933
Sum squared resid	8.010813	Schwarz criterion	2.969193

Log likelihood -23.24693 Hannan-Quinn enter 2.540493
 Durbin-Watson stat 2.256433

Table 4 above presents the results of primary school model and shows the relationships between primary school enrolment and government expenditure with other exogenous variables. Capital expenditure on education is negatively related to primary school enrolment with low magnitude of 0.000191 implying that a 100 percent point increase in capital expenditure will lead to 0.0191 percent point decrease in primary school enrolment. The coefficient is however significant at 5 per cent significance level. By implication, this result depicts that despite the low impact of this variable, it remains a crucial factor in determining primary school enrolment. The negative and low value could probably reflect the observation of Hinchliff (2002) that estimate of education expenditure going to education in Nigeria which is just 2.4 percent of GDP, has contributed little to primary school enrolment in Nigeria. The one-year and two-year period lags are equally of low magnitude and bear negative signs showing that 100 per cent increase in the first and second lag variables of capital expenditure leads to 0.0527 and 0.00025 per cent decrease in primary school expenditure in the following year.

Recurrent expenditure on education coefficients is insignificant throughout the data reduction exercise to parsimonious model and they have been deleted accordingly. This reflects the fact that the primary school level the impact of recurrent expenditure is rather insignificant. The coefficient of GNP bears the a priori positive sign and remain statically at 5 percent level showing that for primary school enrolment to improve, the nationality output must improve. The contemporaneous and the three-year period lag values of GNP variable are 1.54E-12 and 4.97E-12 respectively with probability of 0.03 and 0.0001 respectively. Population variable has the a priori positive sign at two-year period lag with a magnitude of 4.88 but rather insignificant with a probability of 0.15 meaning that a 10 per cent point increase in population two years could have positive effect on primary school enrolment this year. This result is however, inconsistent with the negative sign of the three-year period of population with its equally high value of 4.99 is considered. Perhaps, this is an indication that it is not population per se that is the issue, but rather the structure of the population in terms of their accessibility to funds, and their welfare. A poor population will rather worsen primary enrolment rather than improve it.

The contemporaneous value of the variable of total expenditure on health is low at 0.0002 implying virtually no increase in primary enrolment

with a 100 per cent increase in primary school enrolment level. This variable is however not significant with a probability of 0.09, although it has the expected positive sign. The one-year period lags do not have the a priori positive signs, but rather negative with the values of their coefficients being 0.0002 and 0.0005 respectively. The health expenditure coefficients are however, highly significant. The values of unemployment variable coefficients of one-year period lag and three-year period lag are remarkably low at 0.0000042 and 0.0000047. But they have the expected positive signs. The implication of this low values being that any great increase in the unemployment in the previous year will of course not bring about any meaningful increase in primary school enrolment. The coefficients are not however significant at 5 per cent level. The error correction term has the appropriate negative sign and it is significant at 5 per cent significance level, the coefficients value of 0.18 implies that 18 per cent of the disequilibrium in the previous year is adjusted for in the subsequent year. This shows that primary school enrolment has a weak rate of adjustment to any disequilibrium in the system.

Conclusion

This study examines the relationship between the school enrolment at primary school level, and public expenditure on education from 1970 to 2005 was examined in this study. The findings from the causality estimation between the primary school enrolment and capital expenditure on education show evidence of bi-directional causality at this level of education with capital expenditure on education. The policy implication of this to Nigerian government is borne out of the need for government to be conscious of the fact that an increase in capital expenditure on education which leads to increase in primary school enrolment could generate a feedback effect from school enrolment to capital expenditure on education. This calls for the government to always plan ahead if the full benefits of any initial educational expenditure is to be realised.

The results of granger-causality between school enrolments at different levels and recurrent expenditure on education reveals a uni-directional causality from primary school enrolment to recurrent expenditure on education. This trend is instructive for policy formulation as it reveals the need by policy/formulators to have a robust planning instrument that will give them adequate information on school enrolment, by way of extra-polated and simulated data, on which to base the future expenditure demands of the unavoidable growth in school enrolments.

The results of the short-run error-correction model revealed that for primary school, the recurrent expenditure on education has increasingly been recognised as an important factor in boosting enrolment level but its impact is substantially low. The government must necessarily increase its allocation to educational sector to meet the recurrent expenditure requirements of the educational institutions. The capital expenditure also does not fare better, but assumes very low impact on school enrolment. It is worrisome to note that capital expenditure is wrongly signed. The policy implication of this is that government needs to increase the magnitude of its recurrent expenditure and channel same appropriately to educational sector to achieve the desired result, especially in the area of staff remuneration and infrastructure. The issue of poor remuneration of staff in primary schools is crucial. It needs to be addressed with utmost despatch otherwise it will encourage involuntary labour mobility from efficient but poorly remunerated jobs to inefficient but highly remunerated jobs. The low value of the error correction term suggests that the Nigerian economy is structurally unresponsive to any shocks or disequilibria which took place in the previous years. The paper concludes that there is the need to inject more funds into this level of education which should largely focus on improving this educational level, both in terms of human resource development and infrastructure. Finally, the study revealed that the unemployment issue has two dimensions which is either to encourage or discourage school enrolment. There is therefore the need for government to initiate more effective policies to track down the trend of unemployment in Nigeria and to carry out more enlightenment campaign that will encourage people, especially the illiterate, to send their children to schools. The policy of universal basic education initiated by the government is therefore commendable.

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