

Protesting Policy



*Interrogating Free Decolonised
Higher Education Funding*

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Introduction

Background of research¹

This work of the Free Education Research Team follows an agreement between the University of Cape Town executive and protesting students to investigate and engage around the context and models for free higher education. We hope this will aid discussions and act as a stepping stone towards more research. A much shorter version has been created for easier access, with translations.

The title, “Protesting Policy”, highlights how policy has failed to reimagine the post-Apartheid education system, focusing on higher education institutions. Policy needs to reflect the government’s apparent commitment to “radical economic transformation”. Both the principles and technical aspects of this transformation should be drawn from genuinely democratic processes instead of boardroom consultations. This document reflects research by students, views from the movement, comments by academics, and students’ experiences drawn from qualitative interviews. It serves primarily as a discussion document for engagement between students, workers, communities and policy makers.

In defining the scope of the review, a few decisions had to be made. Although the call is for “free decolonised education”, we focus on funding aspects of higher education. In reality, funding is only a part of the way in which higher education spaces remain exclusive; moreover, the need for decolonisation extends well beyond higher education. The focus on funding is compounded by the background of the student research team members, which is biased towards economics training, even though we aimed to approach this in an interdisciplinary manner.

Within the Post School Education and Training sector, the default subject we write about is South African public universities. We make explicit reference when writing about other aspects of the PSET sector, especially TVET colleges. The University of Cape Town is often used as a case study, because we are familiar with UCT resources - despite UCT being an outlier with the highest fees, highest university ranking, a large proportion of wealthy students and the third largest amount of private donations, amongst other respects.

This document should be read as a prompt for discussions that integrate lived experiences with research and stimulate broad-based action towards justice. We do not give recommendations. Rather, we hope this document can help mobilise students, communities and those who are financially excluded (including those who never access university). The document adds to a large collection of student research behind calls for free decolonised education.

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Summary

The FeesMustFall protests in 2015 broke out against nearly a decade of unaffordable fee increases at institutes of higher education. Between 2007 and 2012, universities increased total fees by 8.4% p.a. in real terms. This was driven by rapidly increasing enrollment (6% p.a.), slow growth in government funding that failed to keep up (5.4% p.a.), and nearly no growth in third income streams (0.2% p.a.) over the period. NSFAS, the financial aid scheme tasked with making higher education accessible to all, was hopelessly underfunded (31% of eligible candidates were rejected in 2014) and the eligibility cut off of R122 000 household income left a large proportion of “missing middle” students fully exposed to the fee increases, thereby facing exclusion or crippling debt repayments.

A range of issues beyond financial exclusion quickly surfaced with the protests: outsourcing of workers, epistemic violence, cultural exclusion and the role of the university in relation to society - all tying into the political trajectory of universities as a result of the 1994 compromise and ultimately leading to calls for “free decolonised education” that reimagine our society.

The education system has failed the majority of South Africans, and black people in particular. Of the one million pupils who start in grade 1, only 40% matriculate. The proportion of white students who matriculate is nearly double that of black students, and is decisively determined by exclusive access to good quality schools. Thus, poor people are severely underrepresented at university: while nearly 70% the population have a household income below the NSFAS cut off of R122 000, only 25% of students enrolled in universities come from these households. For those who do not make it into higher education, employment prospects are bleak and continued poverty becomes a reality.

Those who do make it are subjected to humiliating NSFAS means tests and given too little funding to cover all expenses related to their studies, contributing to higher dropout rates. Similar problems are faced by an additional 40% of university students who are in the “missing middle” and struggle to find loans. Students who drop out or contribute to large basic family expenses as first generation graduates find themselves burdened with debt and unable to realise their dreams.

“Sometimes you ask yourself. What’s the point of furthering your studies. Interests are accumulating. This becomes the debt you have incurred for coming to school, and so by further studying you are incurring more debt... At home there are expectations that when you are done with your studies that you are going to support them, not knowing that you have incurred debts that you need to pay... In my family I am of the first generation of graduates, and have inspired my nephews and nieces and in my community I am particularly the first and the only person doing PhD. Although there are people supporting me, I do not tell them the struggles because I want to inspire the young ones so that they also study at the university and hopefully by the time they come, things are going to be better... Recall that my name in English means ‘to create honours’. When my grandmother gave me this name, she wanted me to bring honours in the family.”

The call for free decolonised education reimagines education in opposition to the university's current role reproducing racial, economic and social inequality. For higher education, this means that social relations between the university and the community need to be reinvented. The historical roles must be subverted, including the dominance of historically white institutions in higher education. Universities become sites of decolonisation, where the connectedness of struggle becomes the work of the student, worker and academic alike. Eliminating financial exclusion is an important aspect of changing university spaces into *public* centres of knowledge.

How can this be done? We focus on funding aspects in this review, comparing six sources. Government can fulfill fee-free higher education by raising the corporate and highest personal income tax rates by 2%, or reallocating funds from defence/economic affairs. Funding would be a transfer from privileged groups, not for example from basic education. Community service has the potential to take the "centre" to the peripheries as graduates serve marginalised communities and help break structural inequalities. Case studies abound from Mexico to Nigeria, but the benefits are mainly social and in restructuring the economy rather than in increased direct funding for higher education. Corporate contributions to higher education may improve the funding crisis, but carry risks of further privatisation, commodification and unreliability.

Other funding schemes improve access, but carry over many current shortcomings such as commodification, debt and Black Tax. Fees could be restructured so that households above R300 000 income progressively fund the system, though this relies on the continued overrepresentation of wealthy households in universities. Set at appropriate levels, a graduate tax system could account for the high private returns graduates gain due to the structure of our economy. Similarly for income contingent loans, where the repayment rates are critical to fairness.

The exact mixture of funding sources incurs choices that must be publicly debated. In formulating a way forward, it becomes imperative to discuss and understand what free education means, its relationship with commodification, the role of workers as students at universities, adult education and broader aspects of coverage. We take special note of the government's proposed ISFAP programme, which aims to replace NSFAS in 2018 but carries alarming problems like funding uncertainty and continuities with the shortcomings of NSFAS.

There is consensus that financial exclusion must urgently be eliminated in higher education. Universities have a responsibility to forge a different path that reimagines the role of higher education in our social structure. More broadly, FeesMustFall aims to confront the deeper constraints arising from powerful constituencies outside of the university system and that hold dispossessed the masses of our country.

Explanation of terms

B-BBEE and tax incentives- Companies get a B-BBEE score which affects the likelihood of getting work from government. A better score improves chances of being awarded tenders so giving companies points for investment into higher education is a good incentive. Tax incentives can include tax rebates for sponsoring graduates or donating to HEI.

Black Tax - In addition to financial debt due to studying at institutions of higher learning, first-time graduates are often expected to provide for their extended families. In some cases, the graduate becomes the breadwinner of the family. The disposable income of debt-ridden first-generation graduates is therefore significantly smaller compared to wealthier students. The graduate becomes the safety-net for their family. Often graduates express the need to help out at home with essential items like food, energy, clothing, paying of school fees, and covering health expense. Another aspect of this often expressed by students is the weight or load of carrying family and community's aspirations, "being the first graduate" in the family or community, which can be emotionally and psychologically taxing to students.

"Debt slavery" - is a term used by students in protesting spaces. It refers to students that get loans/NSFAS to study and later having to pay it back while bearing the burden of getting themselves out of poverty. This is particularly the case for students who drop out with debt.

DHET - Department of Higher Education and Training

FCS - Full Cost of Study, which includes tuition, accommodation, textbooks/computer, travel, food, emotional care, toiletries, administrative costs such as printing and many other living expenses. In principle, it includes all expenses enabling students to study comfortably.

HE - Higher Education

HEI - Higher Education Institution

ISFAP - Ikusasa Student Financial Aid Programme, the proposed system to replace NSFAS in 2018.

NSFAS - National Student Financial Aid Scheme

P.a. - per annum or per year

"Poor" - The term is used in this research to distinguish class differences between students. "Poor students" is found as the most favourable term compared to many other terms. "Low income students" is misleading as it is household incomes that are used, not student incomes. "Humble background" is inappropriate as it does not make the wealthy critically reflect on how their wealth was accumulated as a direct product of the dispossession of the now-poor, and further marginalises the dispossessed. "Previously disadvantaged" is contentious because poor

black people were not only disadvantaged - they were also violated - and they continue being disadvantaged by the current system. It makes them passive participants as it ignores their resistance to dispossession.

Race - The terms "African", "White", "Indian" and "Coloured" are used throughout the document, where "black" refers to African, Coloured and Indian. However, we emphasise that this should not reinforce colonial ideologies of race, but rather serve to recognise historical and current disadvantage faced due to these social constructs.

Real vs nominal - nominal is the quoted amount in rands (or any other currency) in today's terms and real is the actual value once inflation (changes in the price level) has been accounted for. The basic idea is that only a portion of the increase in the price is because of things actually being more expensive, the rest is because of inflation.

SAPSE - South African Post-School Education

TVET colleges - Technical Vocational Education and Training colleges. Falls under the umbrella of Higher Education institutions, but it is different from universities.

PSET - Post Secondary Education and Training

Broad context

Protest context

The funding crisis

- University enrolments increased by 6% per year between 2007 and 2012, while the government's contribution (block, earmark and NSFAS) grew in real terms by 5.4% per year. Third stream income fell far behind, increasing in real terms by only 0.2% per year. The small growth in funding was unable to keep up with the rising rate of student enrollments.²
- Additionally, inflation for higher education is approximately 2% above national inflation due to academic salary growth (salaries account for 58% of university expenses³); a weak exchange rate which inflates the cost of journal subscriptions and equipment imports; and security and cleaning contracts.⁴
- Universities responded by increasing total fees at an average real rate of 8.4% p.a. from 2007-2012.⁵
- 31% of qualifying applicants for NSFAS in 2014 could not be funded because there were insufficient NSFAS funds, and university fees became less and less affordable to those just above the NSFAS threshold.⁶
- Despite these unsustainable trends, the report of the Ministerial Committee for the Review of the Funding of Universities released in 2014 "contained many recommendations for changes in the details of state funding, but concluded that the overall system was sound."⁷
- The fee increases sparked the 2015 FeesMustFall protests and resulted in a zero percent increment in 2016, paid for by a R5.6 billion injection from government. Following the 2016 protests, a zero percent increment was announced for households earning less than R600 000 (NSFAS beneficiaries and missing middle) and NSFAS received R10.6 billion extra over 2017-2019.⁸ However, the high *level* of fees has not been resolved and will continue to be protested.

But the call for free education is about much more than funding...

- Drawing from history, parts of the African continent have witnessed student activism reacting to elite, colonised and inaccessible university systems through protests and

² Simkins. 2016. *Funding: Two decades of democracy*, p45, in Kagisano Number 10, Council on Higher Education, p60.

³ Lehohla. 2016. *Financial statistics of higher education institutions*. Statistics South Africa.

⁴ Universities' funding in South Africa: A fact sheet. Universities South Africa. 2016.

⁵ Lehohla. 2016. *Financial statistics of higher education institutions*, Statistics South Africa.

⁶ NSFAS. 2016. *Annual report 2015/2016: Towards a student centred model*

⁷ Simkins. 2016. South African Higher Education Reviewed: Two Decades of Democracy. Kagisano Number 10: Student funding. Hosted by CHE.

⁸ Daily Maverick. 2016. *R17bn over 3 years needed to fund higher education - Ghordan*.

revolts.⁹ In the early 80s student activism connected with communities and other groups to build solidarity and unity within the excluded.¹⁰

- Institutional issues that have provoked student protests range from desires for better services and facilities, decolonised curricula and demands for greater involvement in decision-making so as to dismantle hierarchies in institutions of higher learning.¹¹
- Although protests have occurred at many SA higher institutions since 1994¹², the end of 2015 marked the first time elite institutions such as UCT and Wits were closed across the country. National protests continued in late 2016 with calls for free decolonised education. The state's response has increased police force while at the same time has recognised the crisis through allocating more funds towards higher education.
- The slogan "Free Decolonised intersectional Afrocentric Socialist Education" alludes to the deeper political economy critique protesting students are expressing. For example, implementation of insourcing was demanded across the country as a channel towards a living wage, and as a critique against the neat categories of skilled and unskilled labour and the large salary differences of academics compared to workers. This demand interrogates *whose work is valued* in our society. Outsourcing excluded workers from the university and further perpetuated existing class, race, and gender hierarchies in the university, community and South African society at large.¹³

How do we decolonise education?

- It may seem like the new word to have is decolonisation, but decolonisation is as old as colonisation. As long as there were colonisers, there was resistance. The way in which decolonisation happens is different from context to context.¹⁴
- According to Mbembe, decolonizing the university involves making public universities completely open and free from fees. Mbembe suggests that decolonization of buildings and of public spaces is connected to democratization of access.¹⁵
- Ngugi wa Thiong'o asserts that *Decolonizing the Mind* is about Africans being able to see themselves in teaching and learning. He particularly advocates working with the "mother tongue" as it carries culture.¹⁶
- Decolonising the university would mean addressing the epistemic violence imposed by colonial thought. It is a hierarchical thinking that allows for conceptualisation of

⁹ Klopp & Orina. 2002. *University crisis, student activism, and the contemporary struggle for democracy in Kenya*. African Studies Review, 45(01) p43.

¹⁰ Cele & Koen. 2003. *Student Politics in South Africa. An Overview of Key Developments-Key historic issues*, point 10. Accessed: <https://cres.revues.org/1517>

¹¹ Kamanzi. 2016. *Decolonising the curriculum: the silent war of tomorrow*. Accessed [22/2/2017]: <https://www.dailymaverick.co.za/opinionista/2016-04-28-decolonising-the-curriculum-the-silent-war-for-tomorrow/#.WKSsc2996M8>

¹² South African History Online. 2015. *Student Protests in Democratic South Africa*. Accessed [22/2/2017]: <http://www.sahistory.org.za/article/student-protests-democratic-south-africa>

¹³ Lockett & Pontarelli. 2016. *#OutsourcingMustFall: Unity in Action in South African Universities*. Accessed: <http://brooklynrail.org/2016/03/field-notes/outsourcing-must-fall>

¹⁴ Khamanzi. 2016. *On Decolonisation*. Accessed: <https://www.youtube.com/watch?v=FTHbaqjbp-s>

¹⁵ Mbembe. 2015. *Decolonizing Knowledge and the Question of the Archive*. Aula magistral proferida.

¹⁶ Mbembe. 2015. *Decolonizing Knowledge and the Question of the Archive*. Aula magistral proferida.

colonisation and apartheid and class domination that leads to implementation. At the heart of universities, there is epistemic violence that allows for colonisers ideas of a dark Africa to be part of the curriculum. Epistemic violence legitimises a thinking about “others” that allows for political and economic violence to happen.¹⁷

- “For students universities are places of study but for workers in the university it is a workplace.” Decolonising labour is seeing workers’ essential role in the functioning of the institution, and abolishing the hierarchy of value that academics and management hold over workers.¹⁸
- Intersectionality seeks to expose the different lived experiences of black womxn.¹⁹ A slogan from queer members of the movement is “the movement will be intersectional or it will be bullshit”.²⁰ Intersectionality is the overlapping of identities and the positioning of a person in layers of privilege and oppression. There can be power hierarchies even within the same race: a black poor disabled queer person experiences oppression differently than a black middle class womxn does.
- Questions around the practicalities or prioritisation of intersectionality within social movements are important for discussion. It is argued that racial and class oppression are the most visible.²¹
- The struggle for free decolonised education is beyond campuses. It speaks to the socio-political and economic make up.²²

Connecting struggles

- No struggle is isolated from society. Struggles feed on each other. Connecting struggles is the recognition that student struggles are worker struggles, immigrant struggles are working class struggles, and feminist struggles are land struggles.
- The same workers that are fighting for living wage are facing removals from the City of Cape Town government in the name of “urban regeneration”. The working class is being pushed out of cities through unaffordable housing policies. For example, the Tafelberg site was being sold to a private school, preventing much needed low income housing projects in the area to break the geopolitical Apartheid landscape.²³ This struggle connects to the student struggle at elite universities where black poor students with no alternative accommodation get rejected for residence, while rich students with multiple alternatives stay in residence.²⁴

¹⁷ Pillay. 2015. *Decolonising the university*. Accessed [9/3/2017]:

<http://africasacountry.com/2015/06/decolonizing-the-university/>

¹⁸ Garba. 2016. *Garba on the working class in free education*, Pathways to Free Education, p34.

¹⁹ Mirza. 2015. *Decolonizing Higher Education: Black Feminism and the Intersectionality of Race and Gender*, Journal of Feminist Scholarship, 7/8, p2.

²⁰UCT: The Trans Collective. 2016. Facebook post, Accessed [9/3/2017]:

<https://www.facebook.com/transfeministcollective/posts/1135817076485007>

²¹ Mirza. 2015. *Decolonizing Higher Education: Black Feminism and the Intersectionality of Race and Gender*, Journal of Feminist Scholarship, 7/8, p2.

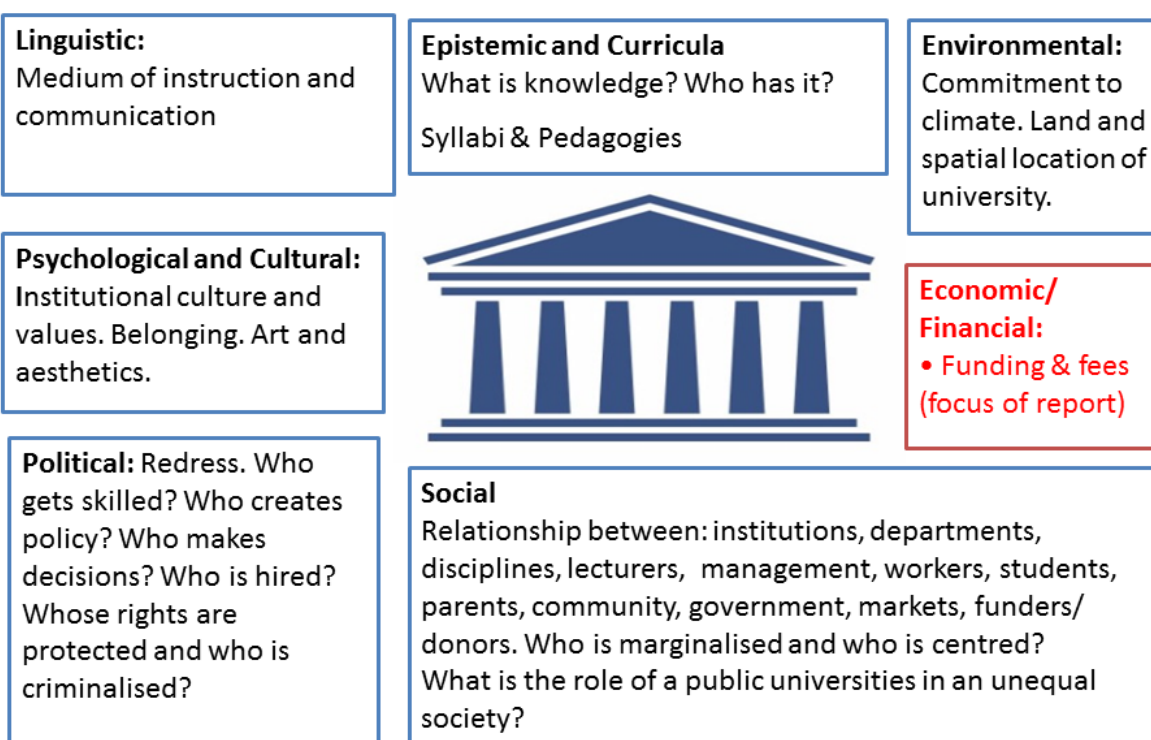
²² Garba. 2016. *Garba on the working class in free education*, Pathways to Free Education, p34.

²³ Reclaim The City. Accessed: <http://reclaimthecity.org.za/why-reclaim-the-city/>

²⁴ ShackvilleTRC. 2016. *There is a crisis looming at UCT*, Facebook post 3/3/2017. Accessed [9/3/2017]: <https://www.facebook.com/notes/shackville-trc-2016/there-is-a-crisis-looming-at-uct/405420229812022>

- Students come from communities with challenges that do not go away when they enter institutions of higher learning. Fees Must Fall students popularly express that the broader struggle is for land as black dispossessed people: in struggle, the end of mass oppression is always a result of mass unity in struggle and action.
- This is a time of connecting struggles into a broader conversation about a post-capitalist society, and engaging new organisational processes that centre peripheral communities into sustainable action. This is particularly important since the most severe constraints to Free Education lie outside of the HE system.

Free Decolonised Education



Broad political context

Where are we with the 1994 compromise?

- The Freedom Charter was initiated in 1955 with the vision of a South Africa free from apartheid. The demands included “give land to the landless”, a living wage, and free and compulsory education.²⁵
- The ANC reached a negotiated compromise in 1994 that won political rights but

²⁵Department of Education. 2005. *Celebrating 50 years of the freedom charter-guide book for schools: Freedom charter*, p13

protected white economic power.²⁶ Patterns of economic power and social relations remained intact. Changes in South Africa thus came with continuities resulting in the current frustrations.²⁷

- The majority of companies are white-owned and have played a key role in reproducing South Africa's highly unequal economy and workforce. In the mid-1980s, some 83% of JSE shares were white owned and controlled through mining, finance and the industrial sector.²⁸ By 2005, this had not changed substantially.²⁹
- The realisation of the freedom charter became less of a possibility as the new democracy consolidated. For example, patterns of land ownership and marginalisation continued as corrective political policies failed to rebalance economic power: in 1997, the Extension of Security tenure legislation sought to give back land rights to farmworker dwellers. Some farmers and landowners responded to the legislative reform by evicting farm dwellers off their land.³⁰ In the first 10 years of democracy more than a million people on farms were evicted by landowners, turning them into shack dwellers.³¹
- The massacre of Marikana mine workers demanding a living wage in 2012 is widely seen as symbolic of the country's failure to address its legacies of inequality and exploitation.³²
- In the addition to our historical inequality, global economic integration has increased South Africa's inequality levels through market liberalisation and global crises.³³
- The structure of the current education system is such that it helps reproduce inequality: learners from poor rural and township areas access mainly lower quality schools and leave school with low levels of skills, predetermining them towards unemployment or underemployment, while the children of elites access high quality teaching and learning that steers them towards highly paid professional and technical vocations.³⁴
- Today, South Africa has the highest levels of inequality in the world. The richest 1% of the country's population own 42% of the total wealth.³⁵ South Africa's inequality exists along racial lines, where black broadly represents poor and white broadly represents rich.³⁶
- The higher education system is thus both a symptom and a cause of the structure of our society, and efforts towards change must treat it as such.

²⁶ Klein. 2007. *The shock doctrine*, p243

²⁷ Grossman. 2016. *In the Spirit of Marikana: Disruption, Workers and Insourcing*. Accessed:

<http://roape.net/2016/02/18/in-the-spirit-of-marikana-disruption-workers-and-insourcing/>

²⁸ Jonas. 2017. *Moving SA out of its low-growth and high-inequality trap*. City press.

²⁹ Klein. 2007. *The shock doctrine*, p24

³⁰ Mntungwa. 2014. *The impact of land legislation on farm dweller evictions*. PhD dissertation, p8.

³¹ Klein. 2007. *The shock doctrine*, p259

³² SA History online. 2017. *Marikana Massacre 16 August 2012*. Accessed:

<http://www.sahistory.org.za/article/marikana-massacre-16-august-2012>

³³ Jonas. City press. 2017. *Moving SA out of its low-growth and high-inequality trap*. Accessed:

<http://city.press.news24.com/Voices/moving-sa-out-of-its-low-growth-and-high-inequality-trap-20170219>

³⁴ Jonas, City press. 2017. *Moving SA out of its low-growth and high-inequality trap*.

³⁵ News24Wire. 2017. *The wealth of these three billionaires is equal to the bottom half of the country*. Business Tech.

³⁶ Finn, Leibbrandt & Ranchhod. 2016. *Patterns of persistence: Intergenerational mobility and education in South Africa*. Cape Town: SALDRU, University of Cape Town. SALDRU Working Paper Number 175/ NIDS Discussion Paper 2016/2.

Structural violence: Inequality, poverty and unemployment

- Structural violence and its impact on *people* and their well-being is often overlooked.
- The official unemployment rate increased from 22% in 1994 to 25% in 2014, with the expanded unemployment rate that includes discouraged worker who no longer seek work, at 35% in both 1994 and 2014.³⁷ By the end of 2016, official unemployment was 26.5%.³⁸
- The large percentage of discouraged workers is a symptom of underlying socioeconomic factors. Unemployment lowers sense of self-worth, purpose and achievement, and negatively affects health. Unemployment is self-reinforcing: The longer one remains unemployed, the lower the chance employers will hire you.³⁹
- Poverty traps such as poor spatial planning, unemployment and intergenerational transmissions of low earnings perpetuate inequality and injustice. We trace the role of inequality through basic education, access to universities and the labour market.

The education system

Before university - getting through basic education

- Early Childhood Development (ECD) programmes which teach skills to children before grade 1 (mainly 5 & 6 year olds) are a way to decrease the learning gap before students start formal schooling. Children from wealthier families are exposed to educational toys and games which stimulate reasoning and fine motor skills. ECD Programmes aim to develop these skills within the schooling system. There has been a large increase in enrolment at ECD facilities from 54.6% in 2002 to 90.6% in 2013.⁴⁰
- There are approximately 1 million students in each grade for the duration of compulsory schooling (grades 1 – 9); thereafter the dropout rate increases dramatically and only about half a million students are left in matric.⁴¹
- The matric pass rate is calculated by dividing those who passed by the total number of students enrolled – but that does not account for the high dropout rate before matric. In 2014, 49% of those who started in grade 1 in 2003 wrote matric, 76% of whom passed - meaning 37% of the cohort passed matric (14% qualified for university entrance). On

³⁷ Statistics South Africa. 2014. *Employment, unemployment, skills and economic growth*. Accessed: http://www.statssa.gov.za/presentation/Stats%20SA%20presentation%20on%20skills%20and%20unemployment_16%20September.pdf.

³⁸ Statistics South Africa. 2017. *Quarterly Labour Force Survey: QLFS Q4:2016*. Accessed: <http://www.statssa.gov.za/?p=9561>

³⁹ Malakwane. 2012. *Economics and social effects of unemployment in South Africa: Prospects for the future*. Masters Dissertation, Tshwane University of Technology.

⁴⁰ Hall, K. 2015. *Children's access to education*. South African Child Gauge. Pg 121. In De Lannoy, A, Swartz, S., Lake, L and Smith, C (eds) (2015) *South African Child Gauge 2015: Youth and the intergenerational transmission of poverty*. Cape Town: Children's Institute, University of Cape Town.

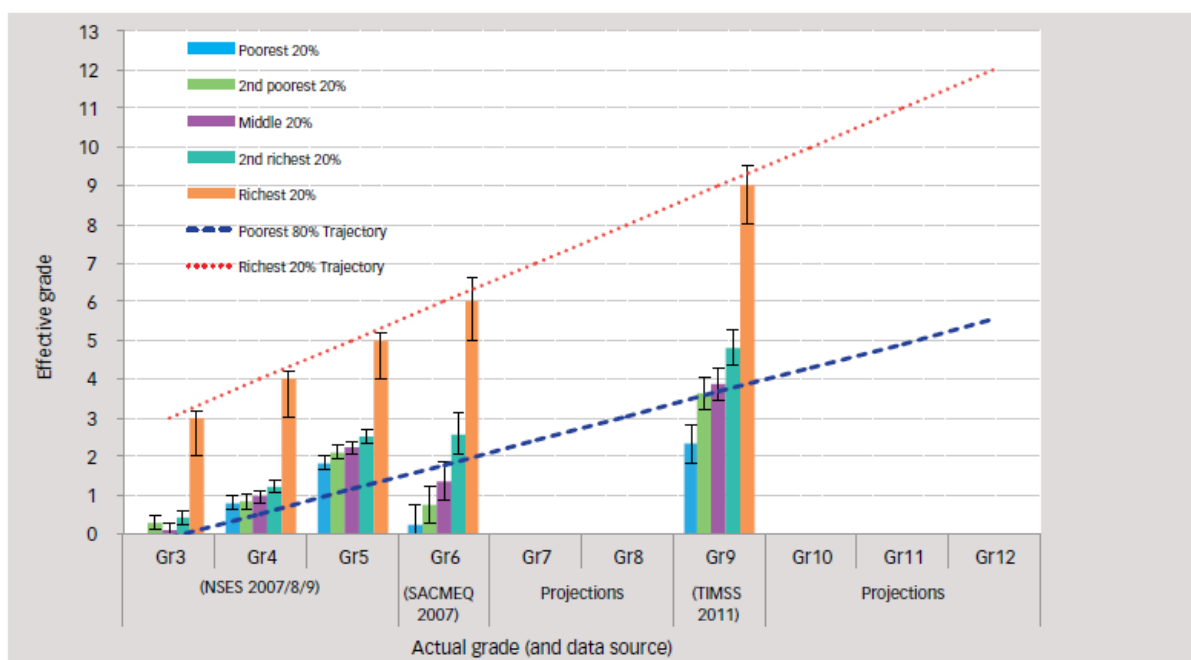
⁴¹ Spaull, N. 2015. *Schooling in South Africa: How low-quality education becomes a poverty trap*. In De Lannoy, A, Swartz, S., Lake, L and Smith, C (eds) (2015) *South African Child Gauge 2015: Youth and the intergenerational transmission of poverty*. Cape Town: Children's Institute, University of Cape Town.

average, the proportion of a South African cohort which completes grade 12 is 40%. This is lower than Turkey (53%), Brazil (67%) and Chile (72%).⁴²

- Many who drop out are financially excluded. 23% of male students and 18% of female students who dropped out said it was because they could not afford to stay in school. 24% of female students dropped out because of pregnancy. Another reason for dropping out is that they are working or looking for work, another form of financial exclusion - these students are making a choice to sacrifice their education to reduce financial pressure within their households.⁴³
- Education policy does not always protect children’s basic rights: “the Employment of Educators Act provides that an educator may – but not must – be dismissed for rape” but this is in conflict with the Children’s Act 38 of 2005 which does not permit anyone convicted of the sexual assault of a child to work with children.⁴⁴

Learning trajectories by school quintile

Figure 7: South African mathematics learning trajectories by national socio-economic quintiles



Sources: National School Effectiveness Study (NSES) 2007/2008/2009 for grades 3, 4 and 5; SACMEQ 2007 for grade 6; TIMSS 2011 for grade 9, including 95% confidence interval.
Notes: The confidence intervals shown as a vertical line at the top of each bar represent the range into which the true value may fall. For more information on confidence intervals, see p. 100. The NSES was nationally representative except for Gauteng, which was excluded from the sample because other testing was being conducted in that province at the same time. Given that Gauteng is one of the more urban and wealthier provinces this exclusion is likely to alter the results. If one compares SACMEQ and includes and excludes Gauteng one sees that both the average score and the standard deviation drop.¹⁹

Disparities in basic education achievement

⁴² ibid

⁴³ Branson, N., Hofmeyr, C. & Lam, D. 2013. *Progress through school and the determinants of school dropout in South Africa*. SALDRU Working Paper 100. Pg 8-9.

⁴⁴ Equal Education. 2016. “*Ee & Eelc Submissions to the High Level Panel on the Assessment of Key Legislation, Regarding Quality and Equality in Education*” Pg 17.

- The General Household Survey of 2011 reported that only 44% of African and Coloured youth aged 23-24 had attained matric, compared to 83% of Indian youth and 88% of White youth.⁴⁵
- There is large inequality in school quality. The graph above shows that students attending the poorest 60% of schools fall behind in their learning very early on and never catch up, while students at the wealthiest 40% have learning trajectories which match the grade they should be in. By grade 9 students who attended the poorest 60% of schools are 5 “years” of learning (based on scores) behind wealthier peers.⁴⁶
- Grade repetition is much higher among poorer students. In 2010, 30% of the poorest grade 11 students had repeated at least one grade whereas only 8% of the richest grade 11s had repeated.⁴⁷

School quality

- School quality is difficult to define. It can include the quality and extent of a school’s resources, the socio-economic status of the surrounding community and the education and experience of teachers. Diverging school quality in South Africa explains many of the differences in achievement levels of students. Looking at resources, 34% of previously African schools had at least one library whereas 91% of previously white schools had at least one library; 9% of African schools, 60% of Coloured or Indian schools and 89% of White schools had access to at least one computer.⁴⁸
- Schools are allowed to charge school fees which means that schools in wealthier areas can raise extra funds to improve their facilities and employ more, higher qualified teachers. Schools in poor areas do not have this option so while they receive a large share of government funding for non-personnel costs, they still struggle to upgrade facilities and infrastructure and to employ sufficient teachers.⁴⁹
- Geography plays a role because black students live far from the neighbourhoods where better quality schools are located. Where black students are accepted to these schools, they have the added cost and stress of travelling far distances, most likely by public transport.⁵⁰ This is if they get past the stringent ‘area tests’ which block students who do not live within the catchment area from attending the school. The catchment area

⁴⁵ Spaull, N. 2015. *Schooling in South Africa: How low-quality education becomes a poverty trap*. In De Lannoy, A, Swartz, S., Lake, L and Smith, C (eds) (2015) *South African Child Gauge 2015: Youth and the intergenerational transmission of poverty*. Cape Town: Children’s Institute, University of Cape Town.

⁴⁶ Spaull, N. 2015. *Schooling in South Africa: How low-quality education becomes a poverty trap*. In De Lannoy, A, Swartz, S., Lake, L and Smith, C (eds) (2015) *South African Child Gauge 2015: Youth and the intergenerational transmission of poverty*. Cape Town: Children’s Institute, University of Cape Town.

⁴⁷ Branson, N., Hofmeyr, C. & Lam, D. 2013. *Progress through school and the determinants of school dropout in South Africa*. SALDRU Working Paper 100. Pg 7.

⁴⁸ Bhorat, H. & Oosthuizen, M. 2009. Determinants of Grade 12 Pass Rates in the Post-Apartheid South African Schooling System. *Journal of African Economies*. 18 (4): 634-666.

⁴⁹ Hall, K. & Giese, S. 2008/2009. *Addressing quality through school fees and school funding*. In Pendlebury, S, Lake, L and Smith, C (eds) (2009) *South African Child Gauge 2009/2009: Meaningful access to basic education*. Cape Town: Children’s Institute, University of Cape Town.

⁵⁰ Hall, K. 2015. *Children’s Access to Education*. South African Child Gauge. Pg 122. In De Lannoy, A, Swartz, S., Lake, L and Smith, C (eds) (2015) *South African Child Gauge 2015: Youth and the intergenerational transmission of poverty*. Cape Town: Children’s Institute, University of Cape Town.

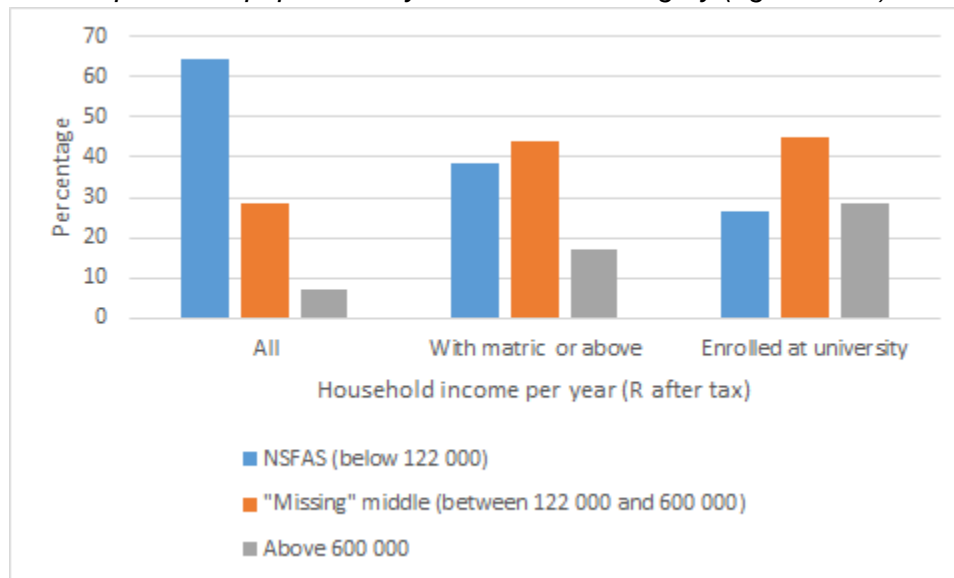
concept is inherently discriminatory because black families are largely unlikely to live in those areas because of apartheid and current inequality. The rule perpetuates 'majority white' schools.

- School quintile is another proxy for school quality. Public schools in South Africa are divided into 5 quintiles, with quintile 1 representing the poorest 20% of schools in the country and quintile 5 the “least poor” 20%. The table shows how students from quintile 5 schools dominate access to higher education and, even more unequally, universities.⁵¹

School quintile of students who gained access to university or any undergraduate program⁵²

| QUINTILE | Gained access to any undergraduate program | Gained access to undergraduate degree |
|----------|--|---------------------------------------|
| 1 | 9.2% | 4.4% |
| 2 | 11.2% | 5.5 % |
| 3 | 14.7% | 7.4% |
| 4 | 23.5% | 13.7% |
| 5 | 45.2% | 34.9% |

Proportion of population by each income category (ages 18-65)⁵³



Post school - Who can afford university?

- The majority (65%) are from households that earn below the NSFAS (unofficial) cut off of R122 000 per year. This changes markedly when only considering those with matric or above (40%), or those who are enrolled at universities (30%).

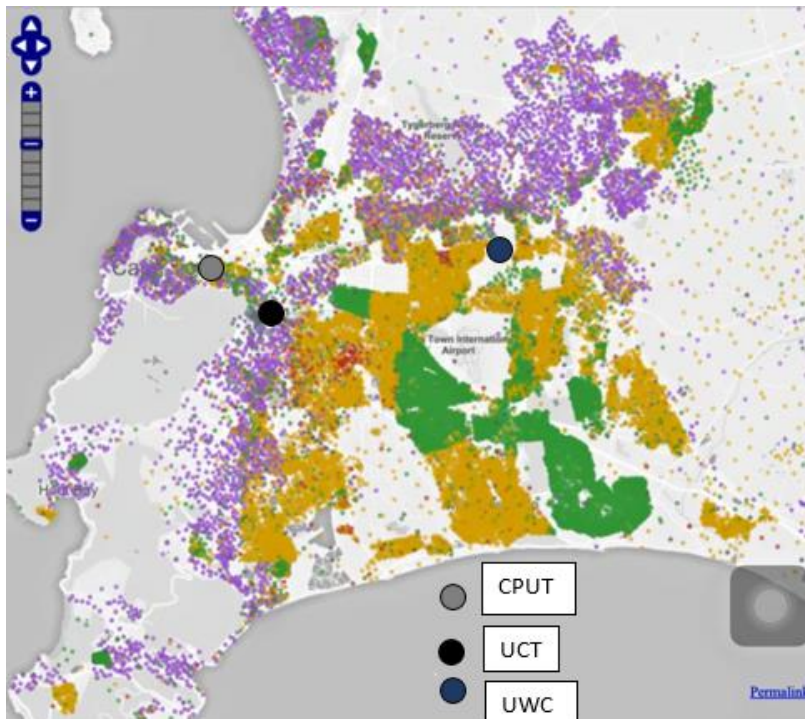
⁵¹Van Broekhuizen, Van der Berg & Hofmeyr. 2016. "From matric into and through university: Higher Education access and outcomes in South Africa". Accessed [09/03/2017]: <http://resep.sun.ac.za/wp-content/uploads/2016/10/FROM-MATRIC-INTO-AND-THROUGH-UNIVERSITY-Higher-Education-access-and-ou....pdf>

⁵² Data from UCT's Institutional Planning Department. Own calculations.

⁵³ Own calculations using IES 2010/11.

- This distribution of income remains split along racial lines. For example, 21% of African 20-24 year olds are too rich for NSFAS, compared to 89% of those who are white.
- The figures show that the missing middle is not missing from universities to the same extent to which poorer individuals are underrepresented at universities. Note that the focus on 20-24 year olds presumes that the role of higher education is to accommodate school-leavers and the youth. People who do not fall in this age category are indirectly excluded from institutions of higher learning. This may be most severe for older age groups who were denied the opportunity during Apartheid and need to improve employability (in addition to other social and epistemological reasons for education).
- The proportion of students on NSFAS that could be in university (were there equal opportunity) is more than double the current university proportion.

An aerial shot of Cape Town.⁵⁴



“I don’t know Cape Town, I don’t know UCT, I don’t know which direction I would go if I were to look for this place, and you don’t know who to ask because everyone around you is panicking... At the end of the day, if you don’t have a place to sleep and you are on the waiting list, what are you going to do? Like, they just don’t cater or accommodate those types of instances. They do not really realise that if you don’t have family or anyone in Cape Town, where are you supposed to go with all your luggage and stuff?”⁵⁵

Apartheid legacies of space: impact on universities

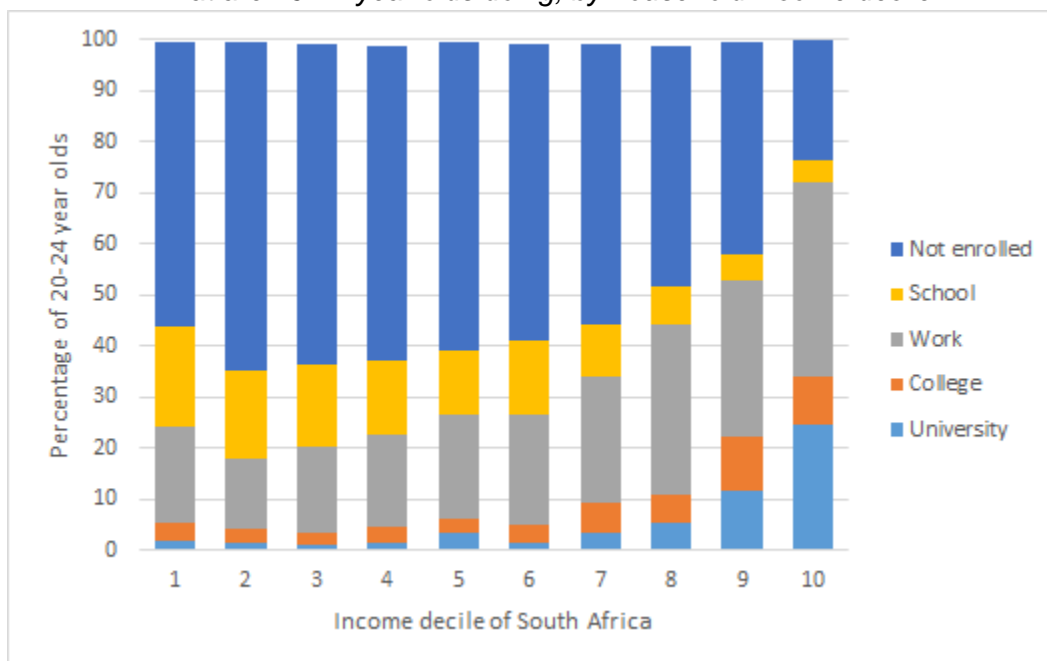
- The purple dots in the figure represent the white population and the yellow and green dots represent the coloured and black populations respectively. The stark lines between areas and densely populated townships far away from the city centre show that Cape Town’s post-Apartheid geo-political landscape has not transformed.

⁵⁴ Frith. Mapping South Africa with dot distribution. Accessed [02/03/2017]: <https://dotmap.adrianfrith.com/> More data on other areas as well as income and home language can be found on this interactive map

⁵⁵ Quote from qualitative interviews

- Far travelling distance to jobs, schools and HEIs places extra stress and financial costs on people living on the outskirts of the city centre. An additional barrier is the lack of affordable and reliable public transport to get to the universities, the most advantaged of which were designed at the convenience of wealthy white areas. For example, travelling to UCT from Claremont (a previously white area) takes 10 minutes, whereas travelling to UCT by train from Khayelitsha is a 1.5 hour commute⁵⁶. Late night tests make it dangerous for students to return home.
- Students thus have to find additional funds to cover residence costs because it places too much strain on their academics to live at home away from critical resources such as libraries and internet access.
- Rental fees close to campus for a UCT student is R6000-R7000 per month⁵⁷, above the NSFAS residence allowance at UCT of R3000-R4000⁵⁸. Given the dire shortage of residences, many students struggle to find affordable accommodation.
- Between basic education, exclusion from universities, and other structural barriers, the final result is that university access remains exclusive, and the majority (56%) comes from the “least poorest” 20% of the population. Most youth are working or unemployed:

What are 20-24 year olds doing, by household income decile?⁵⁹



⁵⁶ Based on personal correspondence.

⁵⁷ Figure obtained from searching various accommodation websites in March 2017.

⁵⁸ Price. *Appeal to staff, parents and students for accommodation*. Accessed [05/03/2017]: <https://www.uct.ac.za/dailynews/?id=10204>

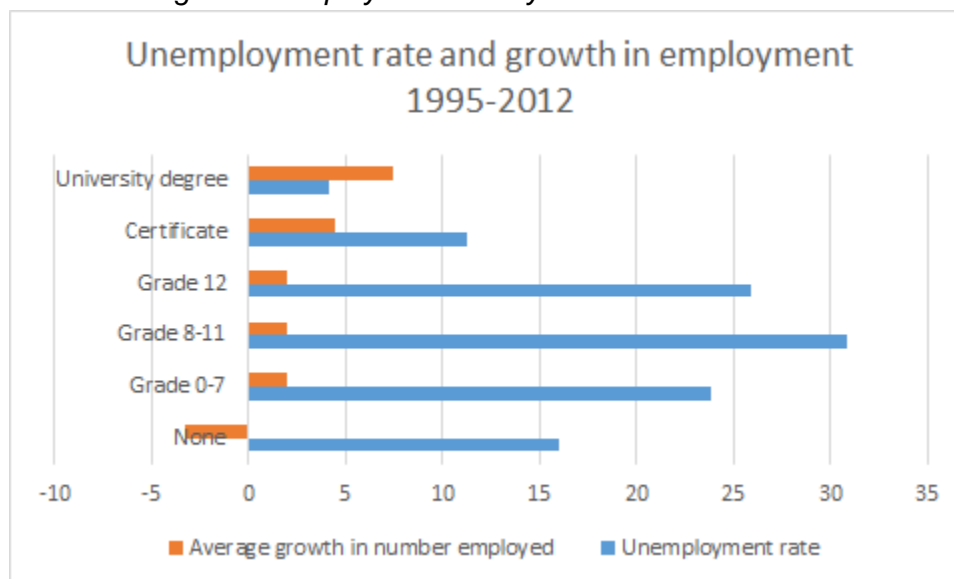
⁵⁹ Own calculations using IES 2010/11. “College” refers to a PSET qualification other than from a university.

Education in the economy and society

Post university - why is the degree so sought after?

- Amongst many drivers, people pursue education to satisfy the yearning to learn and spread knowledge, for class/social mobility and to meet family expectations.⁶⁰
- Having a working member of the household is the largest determinant of poverty exit. Higher education substantially increases one's chance of being employed.⁶¹
- The graph shows that the long-term unemployment rate for degree holders is only 4%, significantly lower than individuals with Grade 8-11 (31%). There is a large difference between employment of certificate holders and university. Moreover, the growth in employment is much faster for those with higher qualification.
- The next graph shows that, among the employed, a degree holder would earn almost double what someone who has only completed Grade 9 earns. This difference has increased over the time.
- However, those who attain certificates and degrees are anyway more likely to be employed and earn more because they overwhelmingly come from wealthier households. The neoclassical stance is that education leads to economic growth, as it increases human capital, productivity and employment.⁶² Are higher wage earners really more *productive* than “unskilled” workers or does higher education simply aid an elite in reproducing their class status and opportunity hoarding?

Long-run unemployment rate by education: 1995-2012⁶³



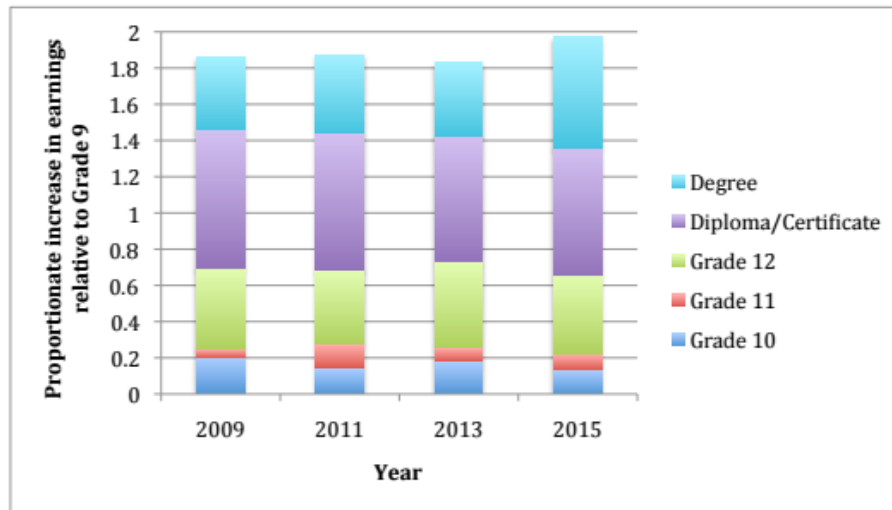
⁶⁰ See qualitative interviews.

⁶¹ Finn & Leibbrandt. 2016. *The dynamics of poverty in the first four waves of NIDS*. SALDRU Working Paper Number 174/ NIDS Discussion Paper 2016/1, Cape Town.

⁶² Borhat, Cassim and Tseng. 2014. *Higher education, employment and economic growth: exploring the interactions*. LMIP, Cape Town.

⁶³ Borhat, Cassim and Tseng. 2014. *Higher education, employment and economic growth: exploring the interactions*. Labour Market Intelligence Partnership, Cape Town.

Earnings of employed at different levels of qualification⁶⁴



How has the labour market changed?

- Although there has been an increase in the skilled labour force, the proportion of skilled workers within the White and Indian population groups have increased considerably more (19 and 26 percentage points) than the proportion of skilled workers within the African population (4 percentage points).⁶⁵ Limited redress has been achieved in the labour market.
- The labour force in South Africa is largely “unskilled”, resulting in a skills mismatch between labour demanded and labour supplied.⁶⁶ Economic growth in South Africa favours high-skilled jobs despite the majority of the labour force being unskilled.⁶⁷
- Employment alone is not a successful means to exit poverty. The recent minimum wage debates highlight those who are employed but remain in dire poverty..⁶⁸
- Many studies show that people who are poor often define poverty in non financial terms as something to be ashamed of and humiliating (e.g. begging), and a sense of disempowerment that results in being disrespected and dehumanised. Often the terms used highlight psychological, social, cultural and political dimensions of poverty. “Poverty

⁶⁴ SALDRU Fact Sheet. 2016. *Economic returns on investment in education*.

⁶⁵ Statistics South Africa. 2014. *Employment, unemployment, skills and economic growth*. Accessed [02/03/2017]: http://www.statssa.gov.za/presentation/Stats%20SA%20presentation%20on%20skills%20and%20unemployment_16%20September.pdf.

⁶⁶ Borhat, Cassim and Tseng. 2014. *Higher education, employment and economic growth: exploring the interactions*. LMIP, Cape Town.

⁶⁷ Reddy, Borhat, Powell, Visser and Arends. 2016). *Skills Supply and Demand in South Africa*. LMIP Publication, Human Sciences Research Council, Pretoria. Accessed [03/03/2017]: http://www.hsrc.ac.za/uploads/pageContent/7429/LMIP_SkillsSupplyandDemand_Sept2016.pdf

⁶⁸ Isaacs. 2015. *South Africa's 5 million working poor*. Groundup. Accessed [03/03/2017]: http://www.groundup.org.za/article/south-africa-5-million-working-poor_3242/

is humiliation, the sense of being dependent on them, and of being forced to accept rudeness, insults, and indifference when we seek help".⁶⁹

Higher education and economic growth

- Theoretically, the economic benefits of higher education include increasing the productivity of the labour force, increased innovation and the ability to transfer foreign technology into home markets.⁷⁰
- Economic theory says that more qualified educated individuals contribute more positively to economic growth. One study finds that a matric certificate returns a more positive relationship to growth than FET certificate holders. Because of poor quality FET colleges, university graduates end up being employed in the place of FET graduates and thus unemployment for the FET group is high.⁷¹ FET graduates are important: for the economy to grow, there may need to be a strong output of both FET and university graduates as well as many other qualifications.
- Understanding education purely in terms of economic benefit reinforces the neoliberal paradigm. The contributions of people who do valuable work everyday but are not rewarded in monetary terms, such as homemakers looking after children, are overlooked. Social cultural and psychological benefits to education, such as post-colonial theory or African theory, are also excluded.
- Instead of reducing poverty, economic growth has the potential to increase inequality and therefore it is not sufficient to reduce poverty. Even where measures such as social grants are put in place to mitigate against the worst levels of poverty, poverty still remains, because the structural barriers stopping poverty exit have not been addressed sufficiently.

⁶⁹ WorldBank. *Chapter 2: The definitions of poverty*. Accessed [9/3/2017]: <http://siteresources.worldbank.org/INTPOVERTY/Resources/335642-1124115102975/1555199-1124115187705/ch2.pdf>

⁷⁰ Borat, Cassim and Tseng. 2014. *Higher education, employment and economic growth: exploring the interactions*. LMIP, Cape Town.

⁷¹ Borat, Cassim and Tseng. 2014. *Higher education, employment and economic growth: exploring the interactions*. LMIP, Cape Town.

Institutional context

Ideology and evolution of institutions

Political economy context

- History helps explain the current global standing of Africa in terms of economic and educational development. The African continent experienced capitalism differently from Europe. The colonisation era suppressed the development of African industries while Western countries, specifically Britain and the USA, used national protectionist policies (tariff protection and subsidies) and not free-trade policies to develop their industries.⁷²
- Post Colonisation, Africa is still a main exporter of raw materials. The established basic educational system reproduces this relationship as it produces a low skilled economy from mining and agriculture.⁷³
- Neoliberalism found its prominence as a global economic ideology and was used to judge other ideologies in the wake of 1980.⁷⁴
- At UCT in 1999, workers, who had been directly employed by UCT with the associated benefits, were declared auxiliary to the functioning of the university and outsourced.⁷⁵
- The demand for free education confronts the ideological shift towards marketisation in the HE sector (government and institutional policies). However, it also recognises that this is caused by shifts in power and ideology outside of the sector, and that demands must therefore connect to other struggles.

The role of the university

- The conventional view of the university as creator of knowledge and innovation is contrasted against its role in *defining* and *restricting* knowledge, rendering knowledge outside of the institution invalid.⁷⁶ This process has raised deep philosophical questions: *What is knowledge? How is knowledge produced? Who produces knowledge?*⁷⁷ Universities such as the Marcus Garvey Pan Afrikan University based in Uganda acknowledge community knowledge sites and include those in the curriculum.⁷⁸
- Historically, universities have been responsible for promoting particular values and social legitimization; selecting dominant elites; training of the labour force; and innovation. Most universities were instrumental in justifying the imperialist values which assisted

⁷² Chang. 2002. *Kicking away the ladder: development strategy in historical perspective*.

⁷³ Rodney. 1973. *How Europe Underdeveloped Africa*, p368.

⁷⁴ Williams & Taylor. 2010. *Neoliberalism and the Political Economy of the 'New' South Africa*, p21.

⁷⁵ Left Student Forum. 2015. Facebook, posted 13/12/2015. Accessed [10/3/2017]:

<https://www.facebook.com/UCTLSF/posts/795670557225309>

⁷⁶ Pillay. 2015. *Decolonising the university*, Africa is a country.

⁷⁷ Kamanzi. 2016. *Decolonising the curriculum: the silent war of tomorrow*. Accessed [22/2/2017]:

<https://www.dailymaverick.co.za/opinionista/2016-04-28-decolonising-the-curriculum-the-silent-war-for-tomorrow/#.WKSsc2996M8>

⁷⁸ Chronic. 2016. *Marcus Garvey is alive in East Africa*. Accessed [22/2/2017]:

<http://chimurengachronic.co.za/marcus-garvey-is-alive-in-east-africa-2/>

colonisation. These inseparability of these functions renders the evolution of knowledge a political and social process.⁷⁹

- Universities continue to drive ideology today; for example, the normalisation of market practice extends beyond commerce into “neutral” fields such as engineering and psychology.⁸⁰
- The goals of university should be connected to societal goals, for example creating a critically-minded citizenry, increasing social mobility, and training innovators and artists whose work benefits everyone. Some argue that South Africa needs a larger, better quality TVET sector compared to the current large university sector.⁸¹
- UCT has a research-led identity according to its mission statement,⁸² and prides itself on being a research university. This is implicitly above its other missions of teaching and engagement called Social Responsiveness.⁸³
- The above assumes the current understanding of education. Ideally, institutions of higher learning should play a role in bringing about a decolonised society: reorienting the process of knowledge creation, its dissemination and application. The demand for free *decolonised* education is intrinsically about the transition to a post-capitalist society.

History

- The majority of universities in SA developed from 1945. Higher education has been characterized by elitism and sexism, where historically only white men from privileged backgrounds were granted access.⁸⁴ For example, UCT was initially a school for boys in 1829.⁸⁵
- In 1916 the first university for black South Africans, Fort Hare, was established. As a black university, Fort Hare struggled to find academic, financial and state support.⁸⁶
- Apartheid laws strongly influenced the demographics, role and activities of higher education institutions. The *Extension of University Education Act* of 1959 decreased black enrolment (which was already low) at the established white universities by streaming black students to designated black universities. For example, in 1954 there were 26 black students at UCT, compared to 3 in 1968. This shows how universities were complicit in apartheid laws.⁸⁷
- Interestingly at present, historically white universities such as Wits and UCT offer accounts of their anti-Apartheid stand. For example, UCT characterises its role from

⁷⁹ Cloete & Maassen. 2015. *Roles of universities and the African context. Knowledge production and contradictory functions in African higher education*, p 1-17

⁸⁰ Kamanzi. 2016. *Decolonising the curriculum: A student call in context*. Accessed [22/2/2017]: <http://www.universityworldnews.com/article.php?story=20160527145138375>

⁸¹ DHET. 2014. *White paper for post school education and training*, p66.

⁸² UCT. Mission Statement. <https://www.uct.ac.za/about/intro/> Accessed [2017/03/08]

⁸³ David Cooper. 2015. *Thieves' role in tainted history*. Accessed [2017/03/08]: <http://www.iol.co.za/capetimes/opinion/thieves-role-in-tainted-history-1841633>

⁸⁴ Bunting. 2004. *The higher education landscape under apartheid*, in *Transformation in higher education: Global pressures and local realities in South Africa*, p35–52.

⁸⁵ UCT history online <https://www.uct.ac.za/about/intro/history/>

⁸⁶ Reddy. 2004. *Higher education and social transformation: The case study of South Africa*, p14.

⁸⁷ Reddy. 2004. *Higher education and social transformation: The case study of South Africa*, p14.

1960-1990 as posing “sustained opposition to Apartheid, particularly in higher education.”⁸⁸ The refusal to acknowledge complicity in colonialism and apartheid systems has contributed to the institutional crisis, as well as the university’s inability to have mutual understanding on the concept of decolonisation.

- South Africa’s Higher education funding from 1983 to 1994 was mainly based on the SAPSE system’s formulae. This formula was developed for application to previously whites only. All other universities and technikons were funded either on the basis of other types of formulae or on the basis of submitting annual budgets to applicable government departments⁸⁹
- The discrimination that accompanied SAPSE system’s formulae to all higher education institutions, gave rise to many disparities and funding crises.
- This had serious consequences for all institutions but in particular for historically black institutions. Many black students were not able to meet their tuition fee obligations. The absence of a national student financial aid scheme at this stage made things worse.⁹⁰

Post-Apartheid evolution of higher education policy

- Extensive higher education policy adjustments attempted to address Apartheid imbalances. Proposals in the white and green papers focus on redress, access, overall quality, innovation, research, internationalisation, institutional independence, and integration into the labour market.⁹¹ There was a major shift in thinking between the 1997 White Paper and the 2012 Post School paper towards marketisation.
- The **reorganisation of universities and technikons**, including many mergers, intended to overcome the fragmentation that was the result of the past. 36 public universities were merged into 23, and 152 public Technical and Vocational Education and Training (TVET) colleges into 50 (formerly known as FET colleges).⁹²
- The SAPSE funding formula of the 1980s was based on student enrolment numbers and course success rates, but in 2004 SAPSE was replaced by a “state steering mechanism approach”. University funding was based on block (for any use) and earmarked (for specified uses) grants.⁹³ Block grants have four components: teaching input (based on enrolments), 65%; teaching output (based on graduations), 15%; research output (based on approved publications and advanced postgraduate research degree graduates), 14%;

⁸⁸ UCT website. 2017. *About the university: Introducing UCT: Our history*. Accessed [22/2/2017]: <https://www.uct.ac.za/about/intro/history/>

⁸⁹ Stumpf. 2001. *Higher Education: Funding in the Period 1994 – 2001*. Commissioned by CHET, University of Stellenbosch.

⁹⁰ Ibid

⁹¹ DHET. 2012. *Green paper for post school education and training*. Accessed [22/02/2017]: http://www.che.ac.za/media_and_publications/draft-legislation/dhet-green-paper-post-school-education-and-training

⁹² Department of Education. 1997. *Education White Paper 3: A programme for transformation of higher education*.

⁹³ Simkins. 2016. *Funding: Two decades of democracy*, p46, in Kagisano Number 10, Council on Higher Education.

and institutional factors (based on institution size and proportion of historically-disadvantaged student numbers), 6%.⁹⁴

- The earmarked funding allocation requires submission of detailed project proposals to the DHET. This requirement highlighted serious managerial and administrative shortcomings in some universities that were often also those most in need of funding.⁹⁵
- **Policy has mainly focused on TVET colleges** through increasing enrollment. Government subsidises 80% of total costs and NSFAS gives a 100% bursary to all TVET recipients (note fees are much lower than university). There is an emphasis on bringing together private sector needs with skills to address skills shortages that inhibit growth, particularly in the Science, Tech, Engineering and Mathematics fields.⁹⁶
- Despite attempts to reform access, language remains a challenge. Afrikaans remain the medium of instruction in institutions such as Stellenbosch and North West University in Potchefstroom. This continues to exclude the majority of student's language and culture leading to a range of challenges for them before and after they are admitted. Those particularly from historically white schools are advantaged and others, especially from rural schools, are at a severe disadvantage.⁹⁷

Governance

- The national plan was developed by the Department of Education after consultation with the Council on Higher Education (CHE) and Higher Education Institutions (HEIs).⁹⁸
- Previously, the Departments of Education and Labour had close links through an inter-ministerial working group.⁹⁹ The Department of Higher Education and Training (DHET) came into being in 2009 through the amalgamation of those parts of the old Department of Education and the Department of Labour.¹⁰⁰
- The DHET governs the Post Secondary Education and Training (PSET) sector, including 26 universities (1 million students), 50 TVET colleges (710 000 students) and 9 Community Education and Learning centres (275 000 students), as well as SETAs and

⁹⁴ DHET. 2014. *Ministerial Statement on University Funding: 2016/7 and 2017/8*, p 6. Accessed: <http://www.dhet.gov.za/Financial%20and%20Physical%20Planning/Ministerial%20Statement%20at%20University%20funding;%202015-16%20and%202016-2017,%20November%202014.pdf>

⁹⁵ Simkins. 2016. *Funding: Two decades of democracy*, p46, in Kagisano Number 10, Council on Higher Education.

⁹⁶ DHET. 2014. *White paper for post school education and training*. Accessed [22/2/2017]: http://www.che.ac.za/media_and_publications/legislation/white-paper-post-school-education-and-training

⁹⁷ Hurst. 2015. *Navigating language: strategies, transitions, and the 'colonial wound' in South African education*.

⁹⁸ Department of Education. 1997. *Education White Paper 3: A programme for transformation of higher education*.

⁹⁹ Department of Education. 1995. *White paper on Education and training: First Steps to Develop a New System*. Department of Education, p16.

¹⁰⁰ DHET. 2013. *White paper for PSET - building an expanded, effective and integrated post-schooling system*.

quality councils. It also regulates 114 private universities (140 000 students) and 627 private TVETs (80 000 students).¹⁰¹

- Policy recognises the strong connection between education and the market through Sector Education and Training Authorities (SETAs). Most students are preparing for careers in the labour market, and practical experience in the world of work is an invaluable part of their training.¹⁰² SETAs are partly aimed at redress: the government wanted to improve skills development in workplaces in order to bridge the gap created by apartheid laws through for example job reservation and educational opportunities. Funds for skills development are generated through the Skills Development Levy.¹⁰³
- The South African Qualification Authority works with a number of bodies to ensure quality control and international consistency across the PSET sector. Individual institutions have additional quality control measures.¹⁰⁴
- Each university has (i) a Council which protects higher education autonomy from the state and involve other stakeholders, advised by (ii) Institutional Forum which monitors institutional environment, implementation of national policy and selection of senior management, as well as (iii) Executive Management which is an intermediary body between Council and (iv) Senate, a body of academics. Students are represented through the Student Representative Council, which participates in these governance structures.
- Policy formation: The DHET negotiates its three-year rolling plans with PSET institutions, facilitated by the Council for Higher Education (CHE). Student input is limited to SRCs, whose views are often *structurally* at odds with student movements (due to being bound by institutional influence and rules).¹⁰⁵
- The low voter turnout, in turn due to structural reasons above, compromises representation. This explains the rejection of many SRCs as invalid and the formation of student movement FeesMustFall (FMF) that operates outside of the SRC. Thus, despite the DHET consulting, negotiating and holding conferences on free education, its processes have been perceived as exclusionary to real student participation.
- *"I feel like they [the SRC] are so scared of the Bremner people. I feel like they are not vocal. They are not speaking for the students. They are chasing their own interests. I think the SRC has had problems over the years because they continue to reaffirm that things that they have used they don't want to try something new."*¹⁰⁶
- How can student participation be improved? Where are the workers in these university governance structures?

¹⁰¹ DHET. 2016. *Funding the PSET sector and the feasibility of fee free higher education and training*, submission to the Presidential Commission on Higher Education and Training.

¹⁰² DHET. 2013. White paper for PSET - building an expanded, effective and integrated post-schooling system.

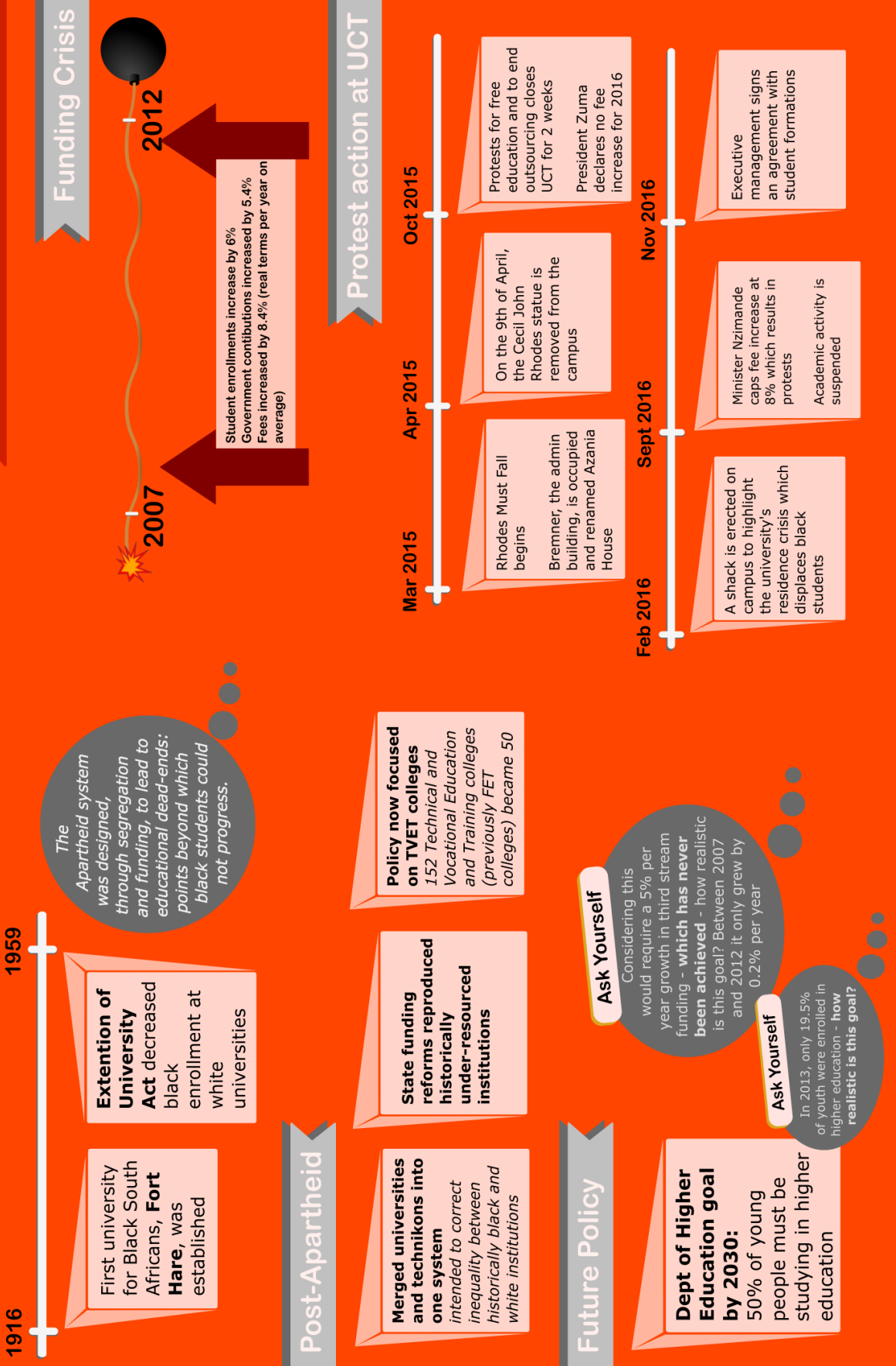
¹⁰³ DHET. 2012. *Green paper for post school education and training*.

¹⁰⁴ South Africa Qualification Authority. 2016. *Assessment of the impact of the South African National Qualifications Framework (NQF)*.

¹⁰⁵ SRCs are seen as bureaucratic bodies in many universities, with low student interest. Only 23% of students voted at UWC and 21% at TUT. <https://www.uwc.ac.za/Students/SD/OSD/Pages/SRC-Election.aspx>

¹⁰⁶ Quote from qualitative interviews.

History of Higher Education



- Policy has shifted from 1995 to 2014 as there is more emphasis on links to the market. There are plans to “mobilise greater private resources”. This may have compromised principles such as redress and equity.¹⁰⁷

Future policy

- DHET strategic vision: “We believe that our planning should be guided by the aim that by 2030, at least **50% of young people** in the 18-to-24 age group should be studying in **universities and colleges**.” This includes adult education, focusing on an estimated 2 million young adults who did not pass matric (2013).¹⁰⁸
- Funding difficulties, the supply of teachers, curriculum, support and links with private sector are all recognised by government as needing policy development in the PSET sector.
- For universities, focus is on enrollment, student access, success and throughput rates. Further, “The DHET remains committed to progressively introducing free education for the poor in South African universities as resources become available.”¹⁰⁹
- However, based on projections, reaching the target of 1.6 million university students by 2030 **requires a growth of 5% above inflation in third stream income** (compare again to recorded growth of 0.2% from 2007-2012), as well as a drastic reduction in the current growth rate of university enrollment.¹¹⁰

Funding and access

Sources of institutional funding

- The government spent R266bn on education in 2015. 72% went to basic education, 10% to university block or earmarked grants, 4% to NSFAS, and 10% to skills development and adult education (including TVET colleges).¹¹¹ The government spends considerably less (0,74%) on higher education as a percentage of GDP, lagging behind other countries. In 2012, 0,71% of GDP was spent on higher education in South Africa compared to 4,47%, in Cuba, 1,76 % in Malaysia, 1,44 % in Ghana, 1,2 % in India and 0,95 % in Brazil.¹¹²
- At TVET colleges, government subsidises 80% of total programme cost, and a NSFAS bursary covers the rest of the fee for eligible students.¹¹³

¹⁰⁷ DHET. 2013. White paper for PSET - building an expanded, effective and integrated post-schooling system.

¹⁰⁸ DHET. 2010. *Revised strategic plan 2010/11-2014/15*, p 24-47.

¹⁰⁹ DHET. 2014. *White paper for post school education and training*.

¹¹⁰ Simkins. 2016. *Funding: Two decades of democracy*, p106, in Kagisano Number 10: Student funding, Council for Higher Education.

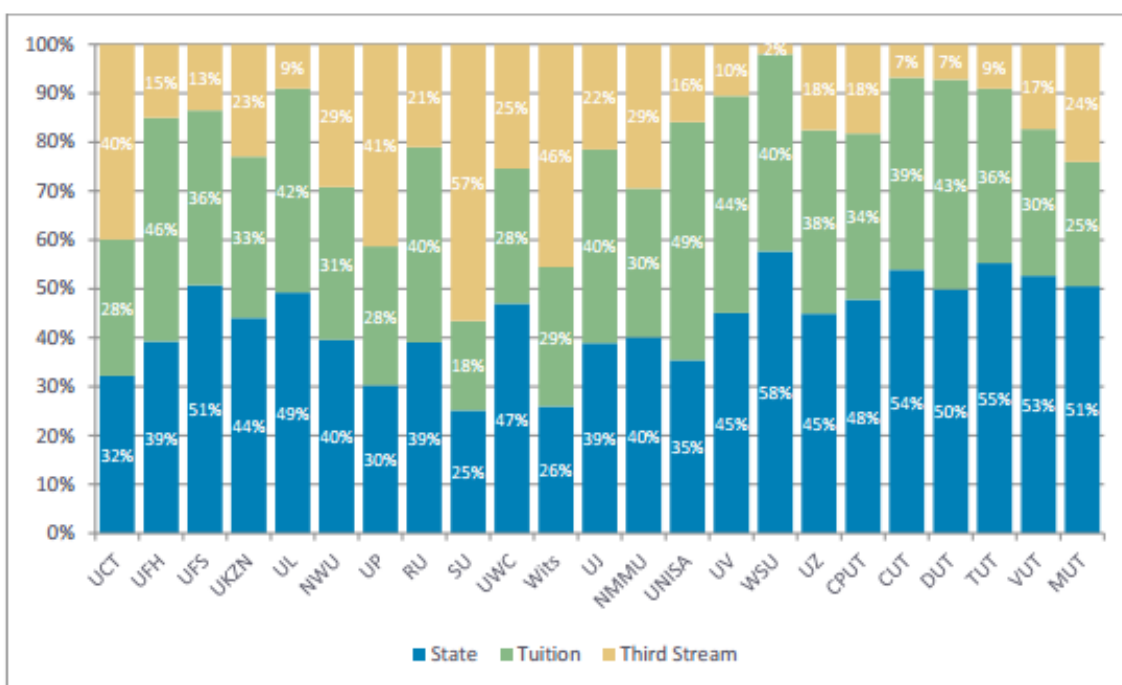
¹¹¹ National Treasury. 2015. *2015 budget highlights*. Accessed [2/22/2017]: <http://www.treasury.gov.za/documents/national%20budget/2015/guides/2015%20Budget%20Highlights%20Card.pdf>

¹¹² Cloete. 2016. *Fees and sustainable development: moving the higher education fees debate from ideology to evidence*. Presented to SLSJ, Johannesburg.

¹¹³ DHET. 2016. *Rules and guidelines for the administration and management of DHET TVET bursary scheme for 2017*.

- **R63 billion was received by all universities in 2015.** Government grants contributed the most to income with 43%, followed by tuition fees at 34% (including NSFAS), and third stream income (private donations and income generated by universities) of 23%.¹¹⁴
- Noting that 78% of NSFAS funding was allocated to universities in 2015 and the rest went to TVET colleges,¹¹⁵ we estimate that government contributed R29.5 billion in grants and NSFAS combined in 2015, equivalent to 47% of total university revenue. Fees excluding NSFAS contributed R18.5 billion or 29% (see calculations in appendix).¹¹⁶
- The unequal quality of HEIs is reinforced by the unequal spread of private donations, with historically disadvantaged institutions receiving less funding (see graph). The largest recipients were Stellenbosch University (R1.1 billion), UKZN (R1 billion) and UCT (R0.5 billion); while Sefako Makgatho and Central University of Technology only received R2 million each.¹¹⁷ Corporate donations could lead to increased privatisation and have at times fueled protests, for example Lonmin’s donations to UCT at a time when it failed to compensate widows of massacred Marikana workers.¹¹⁸

Sources of funding by university¹¹⁹



¹¹⁴ Lehohla. 2016. *Financial statistics of higher education institutions*. Statistics South Africa.

¹¹⁵ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

¹¹⁶ It is unclear whether the non-fees FCS contributions from NSFAS such as food and accommodation allowance are counted as university income. See appendix.

¹¹⁷ Lehohla. 2016. *Financial statistics of higher education institutions*. Statistics South Africa.

¹¹⁸ UCT. 2015. *UCT should pay back the money*. Daily News. Accessed [22/2/2017]:

<https://www.uct.ac.za/dailynews/?id=9319>

¹¹⁹ CHE. 2014. *Vital Stats: Public Higher Education*.

- Private donations may be unreliable and give false expectations. During qualitative interviews, a student mentioned how the bursary foundation that they were relying on ran out of funds, leaving them with debt that they could not repay. Another student spoke about how their private bursary was unable to cover accommodation.¹²⁰
- This picture hides the funding crisis that developed over the last decade (see start of document). Universities increased fees at an average of 12.7% per year from 2006-2015, following inadequate growth in government and third stream funding.

University applications and enrollment

- There has been a 33% increase in university enrollment from 2006-2015 compared to an over 100% increase in TVET enrollment from 2010-2015 (from a lower base).¹²¹
- 12% of 29 year olds had a higher education qualification in 2011.¹²²
- 19.5% of 20-24 year olds were enrolled in HE in 2013. Black students are severely underrepresented: 55% of all white youth were students, compared to 15% of all African and Coloured youth.¹²³
- White students are more likely to come from wealthier families, and therefore better able to afford higher education. In addition they are more likely to have gone to a well resourced school, giving them an advantage in getting the marks needed for university entry.
- The income distribution of households with students attending university is highly skewed, with the majority of students coming from the richest 20%.¹²⁴ Note that many in the richest 20% fall into the missing middle and still struggle to access student loans.
- 32% of university students fall into the NSFAS range of household income below R122 000 a year (31% of eligible students are not funded). An additional 40% of students fall into the 'missing middle', with household income below R600 000 a year but above the NSFAS level of R122,000.¹²⁵ The remaining 28% come from the 4% of all South African households which can afford fees without financial aid or a loan.¹²⁶
- Students rejected for financial aid or in the missing middle have to take out a loan to enroll in universities (or receive bursaries, usually merit based as a form of job recruitment). Private loans are awarded based on the risk profile of the student's family. These students are generally high risk for banks, resulting in their **loan applications being rejected or high interest rates** being applied which are often unaffordable. This was highlighted strongly by students during the Fees Must Fall protests.

¹²⁰ Qualitative interviews

¹²¹ DHET. 2016. *Funding the PSET sector and the feasibility of fee free higher education and training*, submission to the Presidential Commission on Higher Education and Training

¹²² Simkins. 2016. *Funding: Two decades of democracy*, p45, in Kagisano Number 10, Council on Higher Education.

¹²³ Annexure 3 Higher Education Transformation Summit. 2015. Department of Higher Education and Training. Pg 15.

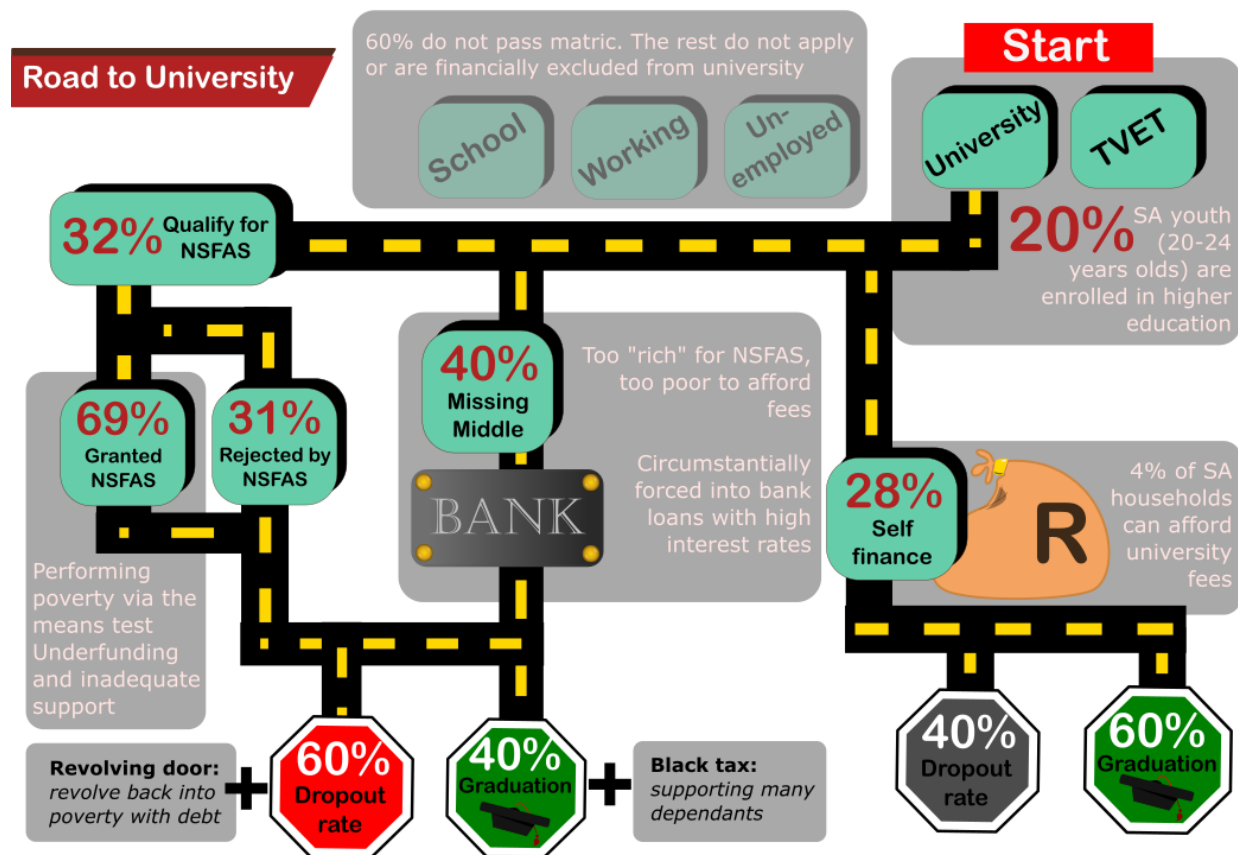
¹²⁴ Cloete. 2016. *University Fees in South Africa: A story from evidence*. Presented at UCT.

¹²⁵ School of Economics. 2017. *F(r)ee higher education: A School of Economics engagement*, SALDRU.

¹²⁶ Fourie. 2015. *A blanked university fee reduction benefits the wealthy and slows change*. Accessed: <http://mg.co.za/article/2015-10-20-a-blanket-university-fee-reduction-benefits-the-wealthy-and-slows-change>

- A 2011 study on Eduloan applicants and recipients tracked the 15000 applications and used institutional data to see who was approved and who enrolled. Being granted a loan increases the chance of enrolment by 50%, giving clear evidence of the financial barriers to higher education.¹²⁷
- Without redress policies like Affirmative Action (AA), students from poor communities and under resourced high schools would be excluded from the HE system. A study of AA at UCT indicates that “higher income black African applications are not displacing low income white applications due to affirmative action.”¹²⁸

“She is doing so much more beyond only working to try make ends meet, and yet she still can’t. [...] There definitely needs to more of a comprehensive in a sense of research into what exactly it means when you come and apply to UCT and what can you afford to pay for.”¹²⁹



¹²⁷ Gurgand, Lorenceau & M'elonio. 2011. *Student loans: Liquidity constraint and higher education in South Africa*. Pg 15.

¹²⁸ Kerr, Piraino & Ranchod. 2016. *Estimating the size and impact of affirmative actions at the University of Cape Town*, SALDRU.

¹²⁹ Quote from qualitative interviews.

Cumulative percentage of students that graduate at universities¹³⁰

| Year | 3 | 4 | 5 | 6 |
|----------------------------|-----|-----|-----|-----|
| Three year degrees | | | | |
| Contact universities | 29% | 47% | 55% | 58% |
| UNISA | 2% | 5% | 8% | 11% |
| Four year degrees | | | | |
| Contact universities | N/A | 35% | 49% | 55% |
| UNISA | N/A | 4% | 8% | 12% |
| Three year diplomas | | | | |
| Contact universities | 18% | 31% | 39% | 43% |
| UNISA | 0% | 1% | 2% | 3% |

“You could go to the university and find that they have the same issues or worse. I am just saying that when I am at UCT I don’t feel accommodated for.”¹³¹

Performance, drop outs and exclusion

- The graduation rates at contact universities are under 60% even after 6 years. For UNISA, a non-contact university, graduation rates are much lower at below 15% (see table above).
- Racial disparities persist with the completion rate for white students being 50% higher than that of black students.¹³²
- Gender, race, personal background and socioeconomic status of high school are all significant predictors of first year performance, all factors outside of a student’s control. Factors found to impact performance include parents’ qualifications, self reported computer skills, taking higher grade mathematics, the number of people living in the home and financial worry. These are correlated with race and income legacies from Apartheid. For example, most schools in historically disadvantaged areas have no

¹³⁰ Simkins. 2016. *South African Higher Education Reviewed: Two Decades of Democracy*. Kagisano Number 10: Student funding, Council for Higher Education.

¹³¹ Quote from qualitative interviews

¹³² Simkins. 2016. *South African Higher Education Reviewed: Two Decades of Democracy*. Kagisano Number 10: Student funding, Council for Higher Education. Pg 157.

access to computers, while historically white schools have ample resources at their disposal.¹³³

- Looking at the 2007-2009 cohorts of UCT students, about 30% of students on financial aid are academically excluded annually compared to 15% of all students. (see table below).
- Inadequate (financial, academic, psychological and emotional) support has exacerbated students' frustration about how university is unfriendly to poor black students. In addition to direct financial exclusion, financial worry, institutional ostracisation and systematically inadequate academic preparation of students before and during their time at HEIs set students up for failure. Universities should provide better support for students to ensure their success even if their high school education did not fully prepare them for higher education; in addition to lobbying for better preparation earlier in the education system.

Current financial aid system

National Student Financial Aid Scheme (NSFAS)

- NSFAS covers a calculated allowance for tuition, travel, accommodation, food and books. The **Means Test assesses financial need**, based on estimated household expenses. NSFAS awards are a combination of bursary and loan, where the loan proportion increases with income. A maximum of 40% of the loan is converted into a bursary if recipients pass all of the courses they were registered for in that year; for final year this can be 100% bursary conversion.¹³⁴ For TVET students, NSFAS gives a 100% bursary.¹³⁵
- The total budget for NSFAS loans and bursaries for the 2015 academic year was R9.8 billion. Of this, R2.2 billion was for bursaries for TVET college students and the rest for loans/bursaries to university students.¹³⁶
- The proportion of PSET students on NSFAS rose from 19% in 2000 to 25% in 2014. Funds allocated to NSFAS increased dramatically over the period (see graph below).¹³⁷
- On average at universities, **a quarter of students held NSFAS loans in 2013**, ranging from under 20% at UCT and WITS to over 80% at WSU.¹³⁸

¹³³ Van Zyl, Gravett & De Bruin. 2012. *To what extent do pre-entry attributes predict first year student academic performance in the South African context?*

¹³⁴ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

¹³⁵ NSFAS Website. Student Support. Accessed [23/02/2017]:

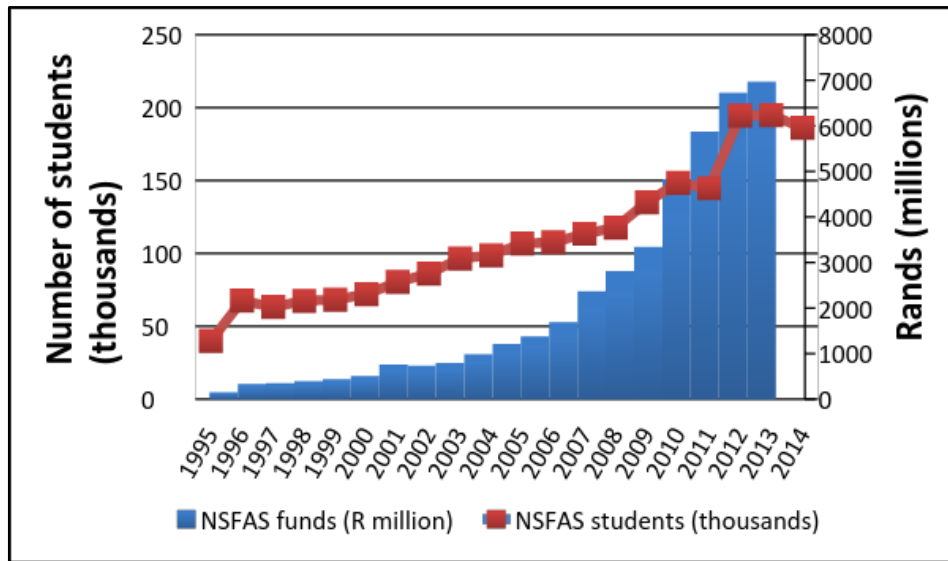
<http://www.nsfas.org.za/content/studentsupport.html>

¹³⁶ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

¹³⁷ NSFAS. 2016. *Fact Sheet 1: The impact of NSFAS over time*.

¹³⁸ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

NSFAS funds and enrollment over time¹³⁹



Comparison of graduation rates (percentage) for 2007-2009 cohorts at UCT¹⁴⁰

| Academic standing at the end of 5 years | 2007 cohort | | 2008 cohort | | 2009 cohort | |
|---|--------------|---------------|--------------|---------------|--------------|---------------|
| | All students | Financial aid | All students | Financial aid | All students | Financial aid |
| % of students completed | 66 | 44 | 67 | 51 | 61 | 43 |
| % of students still busy | 11 | 16 | 11 | 13 | 13 | 16 |
| % left UCT in good standing | 9 | 6 | 8 | 5 | 10 | 8 |
| % of students academically excluded | 15 | 34 | 14 | 31 | 17 | 34 |

How has NSFAS performed?

- NSFAS loan recovery is low (note 53% of loans were converted to bursaries in 2012). In 2012, the ratio of recoveries to awards measured under 5%. Both the number and size of awards grew at over 10% from 2009-2012.¹⁴¹

¹³⁹ NSFAS. 2016. *Fact Sheet 1: The impact of NSFAS over time.*

¹⁴⁰ Data obtained privately from UCT Institutional Planning Department

¹⁴¹ Cloete, Sheppard & van Schalkwyk. 2016. *Fees and sustainable development: moving the higher education debate from ideology to evidence.* Centre for Higher Education and Transformation.

- One cohort study of NSFAS-funded students studying 3 and 4-year degrees shows that dropout rates exceed 60%, almost double the dropout rate recorded for all students.¹⁴² Another study disagrees, finding little difference.¹⁴³ At UCT where there is a GAP funding (support up till R600 000 annual income), the proportion of students on financial aid academically excluded was double compared to all students (~33% v.s. 15%).¹⁴⁴
- Analysis of loan application data from universities shows that **31% of qualifying applicants for NSFAS in 2014 could not be funded** because there were insufficient NSFAS funds.¹⁴⁵

Shortcomings of NSFAS

- Qualitative interviews with NSFAS recipients emphasise unsuccessful marketing and communication with the public on how to apply, who qualifies, where to apply and what NSFAS covers - resulting in eligible candidates being financially excluded. Other problems include giving false promises to students who qualify for funding, then not funding them; and insensitivity that administrators show students, making students think that they are receiving this treatment because they are “needy” or begging.¹⁴⁶
- Annual funding is capped for university students across years and disciplines at an amount significantly less than the average cost of studying at 18 of 24 universities.¹⁴⁷ Some students can overcome the impediment of underfunding by, for example, taking on part-time jobs. Others, especially students at rural institutions, cannot supplement their loans with part-time work as there are few part-time jobs available in rural areas.¹⁴⁸ The Ministerial Committee on the Review of NSFAS (2010) noted that underfunding “contributes to a high dropout and failure rate among the very group for whom the scheme was set up to provide access to higher education”.¹⁴⁹
- “Revolving door syndrome” - Up to two-thirds of NSFAS debt (before write-offs) is held by individuals who dropped out, and whose chances of gaining employment are poor because they do not hold any qualification. These students are revolved back into poverty having accumulated a number of years’ worth of NSFAS debt.¹⁵⁰
- Students’ level of poverty is checked using a Means Test which is expensive to administer. Additionally it is unreliable, opening up the scheme to fraud, corruption and other irregularities.¹⁵¹

¹⁴² National Treasury. 2016. Performance and Expenditure Review: NSFAS.

¹⁴³ Van Broekhuizen, Van der Berg, & Hofmeyr. 2016. *Higher Education Access and Outcomes for the 2008 South African National Matric Cohort*. The authors do not find significant differences between NSFAS recipients and other students in graduation or drop-out rates after 5 years of study.

¹⁴⁴ 5 year horizon of cohorts 2007-2009. Data obtained from UCT’s Institutional Planning Department.

¹⁴⁵ NSFAS. 2016. *Annual report 2015/2016: Towards a student centred model*

¹⁴⁶ From our qualitative studies.

¹⁴⁷ NSFAS. 2016. *Fact Sheet 1: The impact of NSFAS over time*.

¹⁴⁸ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

¹⁴⁹ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

¹⁵⁰ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*.

¹⁵¹ Gugushvili & Hirsch. 2014. *Means Testing or Universalism: What Strategies Best Address Poverty?* Centre for Research in Social Polic, Loughborough University.

- “Performing poverty” - poor students have to gather overwhelming paperwork to prove their financial need in Means Tests, often serving regulations which do not fit circumstances. This can also be stigmatising to poor students, implying no trust towards them and also isolating and differentiating them from other students.
- The presumed structure of the nuclear family in the NSFAS application is unrealistic in a country with only a third of its children living with both parents.¹⁵² It is our understanding that families in Africa ‘work’ differently for many reasons e.g. labour migration, community dependents and extended families. Although students can submit evidence for different family structures, this illustrates the disconnect between policy and reality.
- Black Tax - penalises first generation graduates in particular, who struggle to cope with the additional loan repayment. NSFAS repayment begins when one earns R2500 per month.¹⁵³

Underfunding of NSFAS recipients: NSFAS cap compared to full cost of study¹⁵⁴

| | Tuition | Regis- tration | Residence | Meals | Books | FCS (A) | % registration & tuition | % above/below NSFAS cap |
|------------------|---------|-------------------|-----------|--------|-------|---------------|--------------------------------|-------------------------------|
| UCT | 52 237 | - | 42 398 | 15 667 | 3 300 | 113 602 | 46% | 69% |
| WITS | 46 802 | 9 340 | 33 360 | 19 008 | - | 108 510 | 52% | 61% |
| UP | 37 900 | - | 33 200 | 28 800 | - | 99 900 | 38% | 49% |
| UJ | 38 877 | - | 24 259 | 25 613 | 6 450 | 95 199 | 41% | 42% |
| SMU | 38 945 | 5 000 | 16 052 | 28 000 | 7 000 | 94 997 | 46% | 41% |
| RHODES | 38 950 | 1 650 | 49 300 | - | 5 000 | 94 900 | 43% | 41% |
| SU | 39 235 | - | 32 755 | 15 000 | - | 86 990 | 45% | 29% |
| DUT | 27 635 | - | 21 615 | 22 320 | 9 600 | 81 170 | 34% | 21% |
| UNIVEN | 28 543 | 2 720 | 17 590 | 24 410 | 5 000 | 78 263 | 40% | 16% |
| UKZN | 31 711 | - | 23 265 | 17 500 | 5 000 | 77 476 | 41% | 15% |
| NWU | 37 810 | 1 560 | 17 500 | 12 000 | 8 000 | 76 870 | 51% | 14% |
| MUT | 19 612 | 2 000 | 25 360 | 19 008 | 9 500 | 75 480 | 31% | 12% |
| UFS | 21 774 | 950 | 29 045 | 16 000 | 5 000 | 72 769 | 44% | 8% |
| UFH | 28 413 | 2 630 | 26 000 | 10 000 | 4 000 | 71 043 | 44% | 6% |
| NMMU | 25 710 | 950 | 23 740 | 17 610 | 3 000 | 71 010 | 38% | 6% |
| UL | 24 431 | 5 000 | 14 500 | 21 622 | 4 000 | 69 553 | 42% | 4% |
| VUT | 20 238 | 870 | 20 611 | 22 300 | 4 000 | 68 019 | 35% | 1% |
| UWC | 22 400 | 1 210 | 17 710 | 20 000 | 6 000 | 67 320 | 35% | 0% |
| NSFAS cap | | | | | | 67 200 | | |
| CUT | 19 503 | 858 | 18 020 | 18 000 | 5 000 | 61 381 | 33% | -9% |
| TUT | 18 357 | 1 500 | 13 331 | 20 564 | 4 600 | 58 352 | 36% | -13% |
| WSU | 20 220 | - | 23 498 | 10 000 | 2 000 | 55 718 | 36% | -17% |
| UZULU | 17 648 | 2 837 | 14 851 | 13 200 | 2 000 | 50 536 | 41% | -25% |
| CPUT | 19 177 | 745 | 23 409 | 2 000 | 3 000 | 48 331 | 41% | -28% |
| UNISA | 13 350 | - | - | - | 5 000 | 18 350 | | -73% |

¹⁵² SA Institute for Race Relations. 2013. *Only 33% of SA kids live with their parents*. Accessed: <http://www.news24.com/SouthAfrica/News/Only-33-of-SA-kids-live-with-both-parents-20130311>

¹⁵³ Chabalala. 2016. *Black people find themselves having to pay 'black tax' - survey*. Accessed: <http://www.fin24.com/Economy/black-people-find-themselves-having-to-pay-black-tax-survey-20161108>

¹⁵⁴ National Treasury. 2016. *Performance and Expenditure Review: NSFAS*. Note personal accounts conflict - for example, correspondence with UWC students revealed that they were expected to pay R4300 for 2017 registration fees (compared to the reported R1210), and this has been stable since 2012.

“Sometimes you ask yourself. What’s the point of furthering your studies. Interests are accumulating. This becomes the debt you have incurred for coming to school, and so by further studying you are incurring more debt... At home there are expectations that when you are done with your studies that you are going to support them, not knowing that you have incurred debts that you need to pay... In my family I am of the first generation of graduates, and have inspired my nephews and nieces and in my community I am particularly the first and the only person doing PhD. Although there are people supporting me, I do not tell them the struggles because I want to inspire the young ones so that they also study at the university and hopefully by the time they come, things are going to be better...Recall that my name in English means ‘to create honours’. When my grandmother gave me this name, she wanted me to bring honours in the family.”¹⁵⁵

¹⁵⁵ Qualitative interview with PhD student asked about their experience of NSFAS.

Models for funding free higher education

Overview and approach

What is free education?

- While the funding of free education is only a part of the call for free education, a model requires agreement on what exactly has to be funded.
- There is consensus that there should be no direct financial exclusion, whether through rejection for NSFAS or for bank loans (missing middle). Financial exclusion also refers to underfunding, for example if a NSFAS recipient is subsidised for fees but not accommodation and this leads to dropping out of university.
- However, there has been robust disagreement on other questions. Is this free education for all or free education for the poor? If for the poor, what is the cut off? If free education for all, is it Full Cost of Study or only fees? (Of course, FCS must be kept for NSFAS recipients to avoid underfunding.) The above determine how much funding is required.
- What are the implications of the models for decommodification, debt, and Black Tax? Does “free” education allow scope for deferred payment such as income contingent loans, as long as there is no financial exclusion? We have included an analysis catering for all of the above understandings.
- R18.5bn was required for fee-free education for all in 2015 (and keeping FCS for NSFAS recipients only). Funding free education for all with FCS requires R40bn (see appendix). These figures are important for rough reference when comparing models.

“[My bursary programme] should include transport fees, as in they should pay for my expenses, pay for my transport from UCT to off campus accommodation or rather organize a place for any of their applicants to stay in. Because I am sure if I had found an off campus accommodation that was nearby there would not be any of these ups and downs of transport fees and all that.”¹⁵⁶

Fees commission and proposals for funding free education

- The Fees Commission¹⁵⁷ was established in January 2016 in response to the protests. It received submissions from government departments, higher education institutes (including 13 universities), other institutions (incl. NSFAS and CHE), and a small number of student organisations.
- The submissions contain a range of positions on free decolonised higher education. All recognise the crisis regarding student debt, the missing middle and chronic underfunding. Most support free education for the poor (predominantly HEIs, though not

¹⁵⁶ Qualitative interview with a UCT student on a Department of Water Affairs (DWA) bursary.

¹⁵⁷ Commission of Inquiry into Higher Education and Training, established in January 2016. Website: <http://www.justice.gov.za/commissions/FeesHET/submissions.html>

all), while some support free education for all (notably the TVET Colleges Governor's council, and student organisations SAUS and SASCO¹⁵⁸).

- The Fees Commission has attracted much criticism and is seen by many “as a way to sidestep and deflate political will and mobilization”. It is critiqued as “narrowly focused on feasibility rather than engaging comprehensively with free education.” Free higher education deserves to be discussed widely and democratically, as it rests ultimately on public choices.¹⁵⁹
- A decision was made by members of the national movement driving the HE focus, Fees Must Fall, to make no submission. We have therefore included a model proposed by Wits students that was not submitted to the Commission.¹⁶⁰ The lack of widespread student input, especially from individuals who face financial exclusion, is still a major weakness of this review.
- The submissions all draw on at most six funding sources: government, community service, fees restructuring, income contingent loans, graduate tax and corporate funding.

Our approach used to review the proposed models

- The submissions overwhelmingly focus on context. Details provided in the models are often limited and the submissions do not usually reflect on the consequences of the proposed choices. We therefore chose to review the six funding *sources* based on four key criteria: impact, implementation, redress and assumptions/vision for society.
- Criteria always depend on principles and worldview. They deserve to be publicly debated. We select broad criteria in line with issues arising at the Fees Commission.
- This approach does not give an indication of how important each criterion is. Assumptions and vision, for example, may be the overriding criterion for decolonising society.

Evaluation criteria

- **Impact** on stakeholders, i.e. students, universities, government and the public: How is each affected compared to the current model? What is the impact on the quality of teaching and learning, and the support for enrollment growth? Does it address financial exclusion, underfunding, and other concerns that have been highlighted?
- **Implementation:** Is the source of funding sustainable? Does the system involve prohibitive administration costs or inefficiencies?
- **Redress** Does it guarantee access to the university, especially for disadvantaged groups? Is the model responsive to our social context?
- **Assumptions and vision:** What assumptions are made about the role of education in our society? For example, higher education can be envisioned in current terms as a

¹⁵⁸ South African Union of Students (conglomeration of SRCs) and South African Students' Congress (it is seen as a student wing of the ANC)

¹⁵⁹ Vally. 2016. *Presentation to Fees Commission*. Accessed: <http://www.justice.gov.za/commissions/FeesHET/hearings/set3/set3-08Nov2016-SalimVallyPresentation.pdf>

¹⁶⁰ Wits Research Task Team. 2016. *Thuto ke lesedi: A Model for Fee-Free Undergraduate Higher Education in South Africa*. Accessed: http://www.globalstudentvoice.org/wp-content/uploads/Thuto_ke_Lesedi.pdf

means towards class mobility and creating more productive workers; alternatively, it can be seen as knowledge commons belonging to the public, forming part of a social/moral economy, and creating democratic citizenry. How does the model realise its vision?¹⁶¹

We explore these six sources of full or partial funding using the above criteria.

1. Government funding

- Most submissions agree that the government subsidy should increase, popularly to 50% of university expenses (43% in 2015) or to 1.21% of GDP in line with OECD countries (0.75% in 2015).¹⁶² Options for how to do this vary between increasing tax and reallocating funds (debt is not considered).
- As government spending should be pro-poor, a key consideration is whether the change in funding benefits poorer people or richer people more.
- The national budget represents the main redistributive channel in the country. The budget should entail a negotiated process that takes into account historical experiences of the exploited and oppressed. However, decision making remains largely reserved for the middle class and elite while the majority of the country, the working class, has limited decision making; the budget needs to be democratised.
- Comparison with Brazil - Like South Africa, Brazil is highly unequal. The HE system is mainly funded by the government. There have been some concerns over the autonomy and quality of state-funded universities.¹⁶³

Option 1 - increase tax

- Corporate tax - 19% of 2015 tax revenue. Currently, the tax rate is flat at 28%, down from 34.5% in 2012 and 50% in 1990.¹⁶⁴ An increase to 30% would raise R13 bn per year.¹⁶⁵ Davis cautions that this may affect international competitiveness and FDI attraction¹⁶⁶.
- Income tax - 36% of the 2015 tax revenue. Currently, the income tax rate increases with your income (progressive). The income tax rate has also decreased: the top marginal tax

¹⁶¹ This is difficult for many to understand: "Being at the heart of epistemic violence, the university is however not simply, as this moment attests, a conveyor belt of automatons, or robots or ideological zombies of the dominant interests and order. The modern university is also that site of constant invention, contestation, negotiation, subversion and potentially, reinvention." Accessed:

<http://africasacountry.com/2015/06/decolonizing-the-university/>

¹⁶² Motala et al. 2016. *Adapted from: Fees Commission submission - Education, the state and class inequality: The case for free higher education in South Africa*. In *Pathways to Education*, vol. 1.

¹⁶³ McCowan, T. 2007. Expansion without equity: An analysis of current policy on access to higher education in Brazil. *Higher education*, pg 585

¹⁶⁴ SARB. 2015. *Tax Chronology of South Africa: 1979–2015*. Accessed:

<https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6922/Tax%20Chronology.pdf>

¹⁶⁵ As suggested by the Wits model (see summary later)

¹⁶⁶ SALDRU. 2017. *F(r)ee higher education: A School of Economics engagement*, p 6.

was 50% in 1987.¹⁶⁷ For reference, the introduction of the new tax bracket in 2017 (45% tax above R1.5 million compared to 41% before) is projected to add R4.4 bn.¹⁶⁸

- VAT - 27% of 2015 tax revenue. Currently, VAT is set at 14%. Although some basic items are excluded, an increase in VAT would still result in poorer people proportionally paying more.¹⁶⁹
- Wealth tax - donations, capital gains, dividends from shares and estate taxes target the wealthy, but an increase from 15% to 20% is unlikely to produce more than R2bn p.a.¹⁷⁰
- Skills Development Levy: Currently 1% of the total compensation is paid to employees, an increase to 2% would raise R13 billion p.a. The SETAs are intended to target the 3.4-million people between the ages of 18 and 24 who are not employed, in training, or receiving further education. The challenge with SETAs is that some have regarded SETA and NSF funds as a business opportunity, and the resulting relationships with SETAs are entirely geared to expanding employer income and profits.¹⁷¹ Since it is a direct tax on employment, it risks slowing economic growth or being passed on as a cost to workers, who may end up paying through lower salaries (debatable).¹⁷²
- New taxes - An Apartheid windfall tax would target companies that benefitted from Apartheid and could raise a once off amount of R26bn;¹⁷³ The contention around apartheid tax is in identifying historical benefit and whether it should be a once off: oppression does not start and end in apartheid.
- Loopholes - Taxing property rental income monthly: landlords throughout the country generally don't pay any income tax on a monthly basis on the property rental income that they receive from their tenants every month, such as in the case of ordinary people, whose salaries are deducted with PAYE at the time of receiving their salaries. Landlords only pay once or twice a year, or later when deferred. The saving on the interest, which is still to be determined, would assist government with the funding required for HE.¹⁷⁴
- Tax increases should target the rich. "Trickle down" concerns that the rich then have less to spend have long been discredited as anti-poor; however, tax fraud may increase as people might avoid tax in legal and illegal ways.

Option 2 - Reallocate funds

- A good historical case of reallocation towards social expenditure is the Reconstruction and Development Programme (RDP). The RDP White Paper stated, "Most of the

¹⁶⁷ SARB. 2015. *Tax Chronology of South Africa: 1979–2015*.

¹⁶⁸ National Treasury. 2017. *Budget Review*, p 44.

¹⁶⁹ Murphy. 2011. *Why VAT is regressive*. Accessed: <http://www.taxresearch.org.uk/Blog/2011/01/04/why-vat-is-regressive/>

¹⁷⁰ SALDRU. 2017. *F(ree) higher education: A School of Economics engagement*, p 6.

¹⁷¹ Nkosi. 2014. *Billions wasted on Setas funding as skills crisis worsens*. Mail & Guardian Accessed [9/3/2017]: <https://mg.co.za/article/2014-08-07-billions-wasted-on-setas-funding-as-skills-crisis-worsens>

¹⁷² SALDRU. 2017. *F(ree) higher education: A School of Economics engagement*, p 6.

¹⁷³ SALDRU. 2017. *F(ree) higher education: A School of Economics engagement*, p 6.

¹⁷⁴ Personal correspondence with Suraj Latief of Just Innovation Consulting

expenditure on the RDP is not in fact new; rather, it is the better organisation and rationalisation of existing structures that will unlock resources.”

- South Africa spent R171 bn on defence, public order and safety in 2015. This includes funding the defence force or the tactical teams tasked with containing protests. On principle, the country should not support aggressive militaristic groups, especially not on this scale.¹⁷⁵ Investment in militarisation is undemocratic in its nature, and leads to horrific events such as the Marikana Massacre.
- R206 billion is spent on “economics affairs”. That includes economic infrastructure and network regulation that amounts to R72 billion; and Industrial development, trade and innovation, R70 billion. It involves direct and indirect subsidies to corporations. Although this is argued to stimulate development, the rich benefit (corporations).¹⁷⁶

The trade-offs involved

- Whichever way government funding is raised, a key debate is why this money should go to higher education rather than, for example, basic education or housing.
- Many see this logic as disingenuous: the choice is not between housing and higher education. Rather, money is taken from privileged groups (e.g. through taxing the rich) and then distributed across these sectors. Assuming higher education causes the shift taxes or allocation, it is more relevant to compare how pro-poor spending prior to the shifts, versus after (when more funding is given to HE) - rather than a politically hypothetical alternative.

How does this match up to our criteria?

- **Impact:** The greatest challenge is buy in from government against competing ideology and trade-offs; the public targeted with tax will be unhappy, though this can be limited to the rich; HEIs may worry about having less control through losing the fees stream; poorer students in particular will benefit from having no financial exclusion through fees or debt, though richer students will benefit too by not having to pay directly.
- **Implementation:** There is no guarantee that reallocations / tax increases will be earmarked for HE. The SETAs system itself has been expensive to administer - More than the permissible 10 per cent administration costs have been incurred¹⁷⁷. Large tax and reallocation adjustments are made annually, so adjustments on the proposed scale are not extraordinary.¹⁷⁸
- **Redress:** It is unclear how this would impact on student access, however the focus on taxing high net individuals ensures that the burden is placed on the wealthy of society.

¹⁷⁵ Listen to a talk on Free Education given by Dennis Davis who heads up the Davis Tax Commission: <https://www.google.com/url?q=https://www.youtube.com/watch?v%3Dol5BvM9X1vl&sa=D&ust=1488202320589000&usq=AFQjCNFw7K3c7lxToJLZqohmSYORUiH6pA>

¹⁷⁶ National Treasury. 2015. *2015 budget highlights*. Accessed [2/22/2017]: <http://www.treasury.gov.za/documents/national%20budget/2015/guides/2015%20Budget%20Highlights%20Card.pdf>

¹⁷⁷ DHET. 2013. *White Paper for Post School Education and Training*, p68.

¹⁷⁸ For example, compare the 2017 to the 2016 budget. Economic Affairs and agriculture increased by 5% below inflation, an equivalent loss of R12bn. Increased taxes raised substantial revenue.

- **Assumptions and vision:** The proposal views the government as fully responsible for higher education funding which places HE as belonging to the public. Bringing meaning to this would require programmes like public service, detailed below.

2. Graduate Community Service

- Graduates receive some of the highest salaries in the country with no return to government beyond tax, despite HE degrees being a result of large public subsidies.
- A compulsory community service scheme would centre HE qualifications as belonging to the public, and put into practice the third tier of university function, community engagement.¹⁷⁹ A society where public service is emphasised and students work in under-resourced areas encourages notions of equity, justice and social solidarity. Understanding of different communities' daily lives increases social cohesion.
- As an estimate: In 2014, it was 20% cheaper to employ a community service doctor as opposed to an equivalent Medical Officer on the market.¹⁸⁰ Assuming an average salary for an entry level job of R150 000 p.a, that all 170 000 graduates are placed in productive jobs, and using the 20% saving above: the state could save R5.1 billion per year. This could be a source of funding for HE (only part-fund).
- The average vacancy rate over 2013-2015 in the public service was 11% of 1.2 million employees (132 000 vacancies), which is close to the number of graduates of 170 000.¹⁸¹ Matching qualifications with needs is a concern, but it is encouraging that over three quarters of first-degree graduates are from traditionally vocational areas such as health sciences, commerce, engineering and education.¹⁸²
- Important economic benefits such as supporting under-resourced areas and work experience are less easy to quantify. The professionals would be selected based on the needs of communities - governance, schools, or infrastructure development. We believe that there is tremendous economic and social benefit in communities having access to lawyers, community healthcare workers, teachers, financial assistance as well as countless other service providers.
- Non-professionals such as science graduates could be placed in high schools. Film and media students could run government communication campaigns. Community service does not need to be limited to professionals as it is currently being done with regard to health and education.

¹⁷⁹ Department of Higher Education and Training. 2015. *Report of the Working Group on Community Service for Graduates in South Africa*. Accessed [20/02/2017]: <http://www.justice.gov.za/commissions/FeesHET/docs/2015-Report-WorkingGroup-CommunityService-Graduates.pdf>

¹⁸⁰ Department of Public Service and Administration. 2014. *Salary scales, with translation keys, for employees on salary levels 1 to 12*. Accessed [20/02/2017]: <https://www.westerncape.gov.za/text/2014/May/salary-scales-2014.pdf>

¹⁸¹ Department of Public Service and Administration. 2016. *2015/16 Annual Report*. Accessed [20/02/2017]: <http://www.dpsa.gov.za/documents/Annual%20Report%202015-2016.pdf> Note this period is before the current government freeze on non-critical hiring.

¹⁸² Department of Public Service and Administration. 2016. *Annual Report*. Accessed [20/02/2017]: <http://www.dpsa.gov.za/documents/Annual%20Report%202015-2016.pdf>

- Voluntary community service instead of compulsory community service may result in unfair outcomes as wealthier students not dependent on financial aid would be able to immediately enter the higher paid private sector, creating a “lesser” public workforce.

Case Studies¹⁸³

- The evidence suggests that programmes have sped up rural infrastructure development (Nigeria), increased rural school enrolments, literacy levels and living conditions (Nepal) and improving rural welfare and development in medicine (Mexico).¹⁸⁴
- South African Health Sciences - community service has been used since 1998 to allocate health professionals to under-resourced state hospitals. For doctors, two years of internship are followed by one year in a clinic or hospital before they are able to practice in a place of their choice. 34% of doctors remained working at the same state institution after their year of community service.¹⁸⁵
- Funza Lushaka - a state bursary scheme whereby after graduating, teachers work at a public school for the equivalent amount of time which they spent studying. In 2015, 14 000 students at HEIs were receiving Funza Lushaka bursaries at a cost of nearly R1bn.¹⁸⁶
- Zimbabwe - similar to Funza Lushaka, graduates’ fees are paid by the state in exchange for equivalent years of work. Recently, the fund has been struggling financially and even resulted in delayed or denial of registration for students because the state failed to pay costs owed to the university.¹⁸⁷
- The Azusa Pacific University in Mexico has community service as a requirement for graduation.
- In Cuba a year after the revolution the illiteracy rate fell from 25% to 4% over the period of one year. Everyone who was literate, young or old, signed up to be part of a massive literacy campaign and were trained to teach those who were illiterate.¹⁸⁸

How does this match up to our criteria?

- **Impact:**
 - State - Improvement of the public sector, especially rural upliftment; guaranteeing paid jobs for all graduates may be costly if matching with vacancies is inefficient.

¹⁸³ Drawn from existing literature

¹⁸⁴ Perold & Omar. 1997. Community service in higher education: a concept paper. Joint Education Trust, Johannesburg.

¹⁸⁵ Department of Higher Education and Training. 2015. *Report of the Working Group on Community Service for Graduates in South Africa*. Accessed [20/02/2017]: <http://www.justice.gov.za/commissions/FeesHET/docs/2015-Report-WorkingGroup-CommunityService-Graduates.pdf>

¹⁸⁶ NSFAS. 2016. Annual Report. P86. Accessed [20/02/2017]: http://www.nsfas.org.za/content/reports/20152016NSFASAnnualReport_CD_28.09.2016.pdf.

¹⁸⁷ Newsday. 2012. *Cadetship programme operational - Tapela*. Accessed [24/02/2017]: <https://www.newsday.co.zw/2012/10/15/cadetship-programme-operational-tapela/>

¹⁸⁸ Independent. *Latin lessons: what can we learn from the world’s most ambitious literacy campaign*. 2010. Accessed: <http://www.independent.co.uk/news/world/americas/latin-lessons-what-can-we-learn-from-the-worlds-most-ambitious-literacy-campaign-2124433.html>

- Universities - The quality of education may improve since it will prepare students for a year in public service and thus the curriculum should become more relevant to a South African context.
- Public - Life in rural and under-resourced areas will improve.
- Students - Service could be viewed favourably as experience or negatively as a personal cost.
- **Implementation:** Placement, administration and salary expenses may outweigh the savings associated with paying graduates less than their market equivalent salaries; however, even a loss may still be balanced by the broader socioeconomic benefits. The posts available may not match the skills level of graduates and there may be insufficient absorption of graduates.¹⁸⁹ Unclear effects on corporate bursary funding.
- **Redress:** The “centre” is taken to the peripheries as high skilled graduates serve marginalised communities and help break structural inequalities.
- **Assumptions and vision:** Higher education is viewed as a public good. The benefit which individuals receive from obtaining a degree is spread through communities. The models assume that universities are fundamentally connected to society. The tendency of the market to produce structural inequalities is recognised.

3. Fees restructuring

- This is free education for the poor. Richer students will still pay fees and very rich students will pay more than they do under the current system.
- Public HEIs in South Africa receive block grants, which make up 70% of the state budget for higher education funding.¹⁹⁰ The grant is subtracted from university costs before fees are calculated, meaning that richer students are subsidised as much as poorer students. Compare this unconditional grant to the loans students on NSFAS have to repay.
- Fees restructuring could involve charging higher fees to richer students, progressively, which would avoid the current subsidies going to them. Like the national income tax system, there would be brackets with differential fees based on total income. To equalise funding, fees could be paid into a national pot which is disbursed to universities.
- This sliding scale tuition scheme is proposed by Universities of Pretoria and Zululand.
- Restructured fees, while providing relief for poorer students is unlikely to prevent financial exclusion on its own. The table below shows the results of the research group’s fees restructuring calculations (see appendix).
- Richer students would pay much higher fees than they do under the current system. But the full cost of study amounts still far lower than the average university FCS in the United States at \$33 000,¹⁹¹ approximately R445 500 (\$1 = R13.50).

¹⁸⁹ Department of Higher Education and Training. 2015. *Report of the Working Group on Community Service for Graduates in South Africa*. Accessed [20/02/2017]: <http://www.justice.gov.za/commissions/FeesHET/docs/2015-Report-WorkingGroup-CommunityService-Graduates.pdf>

¹⁹⁰ Department of higher education and training 2014. Ministerial Statement at University funding. pg 4.

¹⁹¹ Bridgestock, L. 2016. *How Much Does it Cost to Study in the U.S?*. Accessed: <https://www.topuniversities.com/student-info/student-finance/how-much-does-it-cost-study-us>

Example of fees restructuring for fee free (R18.5bn) and FCS (R40bn)¹⁹²

| Income group | Minimum income | Proportion of students | Fee-free rate | Average annual fees | FCS rate | Average annual FCS payment |
|------------------------|----------------|------------------------|---------------|---------------------|----------|----------------------------|
| NSFAS | 0 | 27% | 0% | R - | 0% | R - |
| Lower "missing" middle | 122,000 | 21% | 0% | R - | 6% | R 11,500 |
| Upper "missing" middle | 300,000 | 23% | 4% | R15,000 | 12% | R 47,500 |
| 600k+ | 600,000 | 18% | 7% | R 47,000 | 15% | R 105,000 |
| 1million+ | 1,000,000 | 8% | 10% | R 106,000 | 18% | R195,000 |
| 1.5million+ | 1,500,000 | 3% | 13% | R 215,000 | 20% | R 345,000 |

How does it match up to our criteria?

- **Impact:** Restructured fees ensure that the financial burden is spread according to ability to pay. There is a chance that these students would choose to study overseas but that route is still significantly more expensive than the restructured South African fees. The quality of teaching and learning would not be compromised. The expansion of the means test (performing poverty) is not desirable.
- **Implementation:** There could be big challenges in implementing this because it would require an expansion of the means test. This involves increased administration costs and presents opportunities for fraud.
- **Redress:** There is an element of redistribution to this source of funding. It speaks to the high levels of inequality in South Africa and while it may not be formally fair to differentiate the cost of an identical service; it is substantively fair because the outcome promotes equality. Under the current system students are routinely barred either directly or indirectly from attending university because they cannot afford it. Restructured fees addresses that to some extent and does not let rich students benefit more from state funding of higher education.
- **Assumptions and vision:** This model relies on the fact that the distribution of students attending university is skewed so that higher income deciles are over represented. This is problematic because in an equal access society, the system would not be able to operate on this cross-subsidization. Thus there is an incentive for universities to reproduce class structure. This source of funding still treats education as a commodity.

¹⁹² IES 2010/11 data used. Assumptions: Earnings distribution is stable 2011-2015, sample is representative for university students. Calculations are on after tax incomes. Note underreporting of high incomes means that these rates are overestimates.

4. Graduate tax

- This is a free education for all model operated by the government.
- Graduates from public HEIs would pay a percentage tax progressively higher than what a non-graduate in the same income bracket would pay.¹⁹³ There is no fixed debt. Should past graduates be included in the tax? Exact tax rates should be up to public debate.
- A graduate tax is a popular proposal, for example the Lesedi model, CPUT, South West Gauteng TVET College, UJ and Wits. Chancen eG is a non-state cooperative in Germany which implements a concept similar to a graduate tax: earlier generations of students contribute to the fees of later students through a percentage of earnings.¹⁹⁴

Example of graduate tax rates by income bracket (see appendix)

| Tax bracket | Proportion of graduates | Fee-free tax rate | Average annual contribution | Full cost of study rate | Average annual contribution |
|---------------------|-------------------------|-------------------|-----------------------------|-------------------------|-----------------------------|
| R0-R190000 | 17% | 0.0% | R - | 0% | R - |
| R190,000-R300,000 | 12% | 0.0% | R - | 1% | R 2,400 |
| R300,000-R410,000 | 11% | 0.5% | R 1,800 | 2% | R 7,100 |
| R410,000-R550,000 | 14% | 1.0% | R 4,700 | 3% | R 14,200 |
| R550,000-R700,000 | 12% | 2.0% | R 12,500 | 4% | R 25,100 |
| R700,000-R1,500,000 | 29% | 2.5% | R 24,500 | 5% | R 48,800 |
| R 1,500,000 upwards | 6% | 2.5% | R 46,500 | 6% | R 111,400 |

How does it match up to our criteria?

- **Impact:** No student would be directly financially excluded through fees. Given the flexibility of tax rates, enrollment and quality of education can be controlled as policy sees fit. Universities become more reliant on government funding (aside from third stream income), meaning that any shortfalls cannot be made up elsewhere. Tax rates can be reasonable/affordable, though graduates in the top income brackets will pay far more over their lifetime than actual cost of study (see table below). Labour market impact unclear.

¹⁹³ Council on Higher Education.2016. *Student Funding Kagisano 10*. Available: <http://www.che.ac.za/sites/default/files/publications/Kagisano%20Number%2010%20-%20Student%20Funding%202016%20-%20electronic.pdf> [2017, February 22]

¹⁹⁴ Website: <https://chancen-eg.de/en/about-us>

- **Implementation:** This is dependent on the ability of government to collect tax and its guarantee that revenue will be channeled to HE. Emigration may be dealt with through an emigration fee.
- **Redress:** The extra tax may be particularly hard for those affected by Black Tax. The rich pay more, and the high private returns to HE accounted for. Taxing past graduates may allow significant redress: many were historically advantaged by Apartheid era state subsidies and the demographic of past graduates is very disproportionately white.
- **Assumptions and vision:** Better social cohesion as everyone is treated equally in terms of funding (no means test or financial stress while at university). Fees are not directly connected to studies, encouraging separation between university and market (decommodification). The interconnectedness of the system is emphasised, as contributions to HE increase with income. This also reflects a proportional relationship between earnings and HE training.

5. Universally guaranteed Income Contingent Loans (ICLs)

- This model departs strongly from the notion of free education. It is essentially, “free” education for all while at university, but paid back thereafter. It can be implemented by government or on a smaller scale, e.g. universities or in collaboration with banks.
- These are loans that are guaranteed (nobody is rejected) to all students in HE. A progressive proportion of earnings is deducted once recipients start earning beyond a pre-specified threshold. After a fixed number of years, debt is cleared so as to avoid falling into debt traps.¹⁹⁵
- The loans could come directly from the Central Bank, underwritten by the government. Monetary theorist Professor Werner argues that credit extended for productive investments can be interest-free and growth-enhancing. Investing in tertiary education gives large productive returns to the economy.
- As a purely illustrative example, a full cost of study of R80 000 (DUT) is paid through a loan from government. Once you start earning above R100 000 a year, repayments of 2% on your salary start. Repayments end when the loan is fully repaid or after 30 years.
- Case studies: successfully implemented in Australia, the UK and some African countries are moving towards it. In the UK, the minimum earnings threshold is 21 000 pounds per year before a deduction of 9% is made for a maximum of 30 years.¹⁹⁶
- Many factors can improve the efficiency of such a programme, such as the collection of loans through SARS to improve repayment rates and increasing the size of loans to improve completion rates.
- The table of graduate tax rates above give an idea of how this system could work, except that payments stop once the loan has been paid off. There is no cross-subsidisation: those who do not rise to the top will have higher repayment rates.

¹⁹⁵ Barr. 2015. *University fees: how to structure a system that benefits poor students.*

¹⁹⁶ Ibid.

“I feel there should be some scheme there available for students to access loans with understandable, below inflation interest rates. No one needs to be getting rich off this, we are trying place the value in the money.”¹⁹⁷

How does it match up to our criteria?

- **Impact:** The minimum earnings threshold before repayment and maximum loanable amount will be highly contentious: for example, the NSFAS threshold of R30 000 per year is far too low, and the loanable amounts are far below full cost of study. The government may be reluctant to take the risk of guaranteeing/providing these loans. Quality and enrollment will not suffer - expansion of the system is enabled without compromising quality. South Africa’s high private returns for graduates combined with the low studying cost for students allows funds to be generated easily.
- **Implementation:** A large initial capital injection is required to fund the first generation of students before repayments create a self-sufficient system; however, expansion in HE and defaults on loans may make regular state funding necessary. Given the low repayment record of NSFAS, repayment systems will have to be improved repayment. The dependence on “assumptions about wages and behavior several decades in the future” may prove dangerous.¹⁹⁸
- **Redress:** Many of the systemic problems of NSFAS remain, including “debt slavery”, no consideration of Black Tax and revolving door syndrome. The rich don’t pay more. However, this system will reliably improve access while attributing costs to beneficiaries.
- **Assumptions and vision:** Keeps current paradigm of a user fee (commodification). This maintains price signals, conceives of the university as a productivity enhancer and focuses on improving access as the primary reform.

6. Corporate funding

- The government subsidy benefits individual students through private returns and corporations by providing skilled labour. Corporations do not make mandatory contributions to HE, except through the Skills Development Levy.
- Corporations sponsor individual students through bursaries (which may be a form of recruiting talent) or donate earmarked funds, for example towards a building.
- Proposals for more general corporate contributions vary: ISFAP includes the use of Social Impact Bonds (SIBs) where returns depend on social outcomes (such as graduations) being achieved. This transfers the risk to the private sector. Other options to encourage corporations to contribute include B-BBEE incentives and tax rebates.

How does it match up to our criteria?

- **Impact:** The reach of corporate funding would not cover all students but this additional funding could help reduce financial exclusion.

¹⁹⁷ Qualitative interview with person who categorised themselves as “missing middle”,

¹⁹⁸ The economist.2015. *Paying for education Class war: Cutting tuition fees is Labour’s least progressive idea*. Available: <http://www.economist.com/news/britain/21645241-cutting-tuition-fees-labours-least-progressive-idea-class-war>

- **Implementation:** It could be administratively complicated to implement. The incentives profit-maximising corporates would need may simply shift state revenue indirectly from elsewhere (e.g. tax rebates). The funding may be unreliable, exposing quality and policy implementation at universities.
- **Redress:** This funding source does not specifically incorporate redress. It does respond to our context whereby many of the most talented graduates are recruited by corporates, despite the heavy state subsidies those graduates received.
- **Assumptions and vision:** HE produces graduates for the market and corporates benefit; so corporates should contribute and bear some of the risk in educating students. Funding will be skewed towards more advantaged institutions, and negatively impact humanities disciplines as there is a weaker link to the labour market.

Summary of the six sources of funding

| Source of funding | Features | Main benefits | Main downsides | Amount of funding | Key issues |
|--------------------------------|--|---|---|--|--|
| Government | Reallocation of budget or increase in tax. | Targets the wealthy. Decommodification. | Subsidy benefits rich students. | Up to budget allocation | Trade offs against other social spending |
| Community service | Graduates work in public service for a year. | Solidarity; service under-resourced areas. | Admin and placement costs | Less than R5.5bn | May not contribute to funding. |
| Fees restructure | Progressive fees dependent on income. | Rich students pay more; poor students pay less. | Relies on existing over representation of rich students | Cross-subsidisation | Performing poverty |
| Income contingent loans | Repay loans after earning threshold. | All students guaranteed finance. | Debt; black tax. | Constrained by repayment rate | Level of repayment threshold |
| Graduate tax | Graduates pay higher tax on income | Enrollment not linked to fees | Black tax invisible; May be abused. | 1% or 2% additional tax above R300 000 | Tax current graduates |
| Corporate | Incentives for investment, e.g. tax, BBBEEE | Private sector contributes. | Unreliable; education planning in line with labour market | Unlikely a lot. 2015 private donations < R2bn. | Private sector interests |

Combining funding sources: Proposed models

Selected model proposals and their sources of funding

| Proposed model | Govt subsidy | Community service | Fees restructure | Income contingent loans | Graduate tax | Corporate |
|------------------------------------|--------------------------------------|--|------------------|----------------------------------|-----------------------------------|---------------------------|
| ISFAP ¹⁹⁹ | Increase | No mention | No mention | Includes missing middle | No mention | BBBEEE and tax incentives |
| Wits FMF ²⁰⁰ | 50% grant; increase taxes | No mention | No mention | Only while free edu is phased in | No | 10% infrastructure fund |
| Motala et al ²⁰¹ | 50% subsidy; Millionaire tax. | Compulsory to repay public good of edu | No mention | No mention | No mention | No mention |
| Cloete ²⁰² | Increase in line with intl. spending | No mention | Progressive fees | Expand into missing middle | Justified by high private returns | No mention |

Mixing models together, as above, may avoid the problems associated with any one source of funding. Examples drawn from submissions to the Fees Commission:

- Burger proposes that the government increases bursaries given to poor students, funded by a graduate tax, while tuition fees remain in place;
- Bradlow and Bester suggest that corporates together with government provide loans, where repayment follows an income-contingent loan system or is made through graduate community service.
- North West University proposes extending NSFAS to all through a mixture of fees restructuring and universally guaranteed income contingent loans;

¹⁹⁹ DHET. 2016. *Report of the Ministerial Task Team to develop a support and funding model for poor and "Missing Middle" students*. Accessed: http://www.dhet.gov.za/SiteAssets/Gazettes/MTT_Report.pdf

²⁰⁰ Wits Research Task Team. 2016. *Thuto ke lesedi: A Model for Fee-Free Undergraduate Higher Education in South Africa*. Accessed: http://www.globalstudentvoice.org/wp-content/uploads/Thuto_ke_Lesedi.pdf

²⁰¹ Motala et al. 2016. *Submission to the commission of inquiry into higher education and training (the fees commission)*. Access [25/02/2017]: <http://www.justice.gov.za/commissions/FeesHET/submissions/indv/2016-FHETC-Sub-IndividualSubmissions-Part02.pdf>

²⁰² Cloete. 2016. *University student fees – A trilemma of trade-offs*, Submission to the Fees Commission on behalf of CHET. Accessed: <http://www.justice.gov.za/commissions/FeesHET/hearings/set1/day02-CHET-SubmissionUWN.pdf>

The public needs to creatively engage these sources of funding to resolve on the most beneficial mixture (being careful not to sacrifice core principles in the process).

Two models deserve analysis of their specific funding mixtures and policies: models from the government and (a group of) Fees Must Fall students.

Ikusasa Student Financial Aid Programme (ISFAP)²⁰³

- ISFAP is the government's favoured model, piloted this year and to be implemented in 2018 as recommended by the ministerial task team. It combines a variation of income-contingent loans, corporate funding, and increased government contribution.
- ISFAP will extend NSFAS by providing full grants to very poor students and extending loans to the missing middle (household income below R600 000 p.a. or 65% of students); working with institutions and other stakeholders to reduce the dropout rates of funded students through wrap-around support (more comprehensive than "full cost of study"); and raise loan funding by entering into public private partnerships with corporations
- R42bn is planned to be raised using public and private sector sources such as corporates, banks and debt financial instruments, social investors, foundations and donors, incentivised by BBEEE incentives and tax breaks –Social Impact Bonds (SIBs) will be used to finance the wrap-around support.
- Asking for investment from corporates to fund a state managed scheme is unprecedented in South Africa and could negatively affect issuing of corporate bursaries.

How does it match up to our criteria?

- Note that there was very little consultation, despite the need for widespread engagement being emphasised over two years of protests. For example, the government gazette was released for comment precisely over the student vacation period. The lead researchers from the ministerial task team are predominantly from financial sector backgrounds, with limited input from those with public education experience.²⁰⁴
- **Impact:** Compared to NSFAS, more students will benefit and from more funding (less financial exclusion), but students face the same obstacles: "performing poverty", "debt slavery", "revolving door syndrome", exclusion through unreasonable criteria/paperwork, "black tax", and underfunding if projected corporate contributions do not materialise. Some of this is addressed through automatic EFC of zero for grant recipients or students from quintile 1-3 schools.
- **Implementation:** It is likely to be received with reservations. Protests are likely to continue since problems are not resolved. Funding targets are ambitious: by 2020, R15 billion will come from a B-BBEE Skills Development Levy - despite SETA levies amounting to R16bn in total for 2016; Another R10 billion will come from private capital markets, and relies on ISFAP establishing a successful track record; R5 billion is to come from DFIs, CSIs and foundations. The scheme leaves quality and enrollment

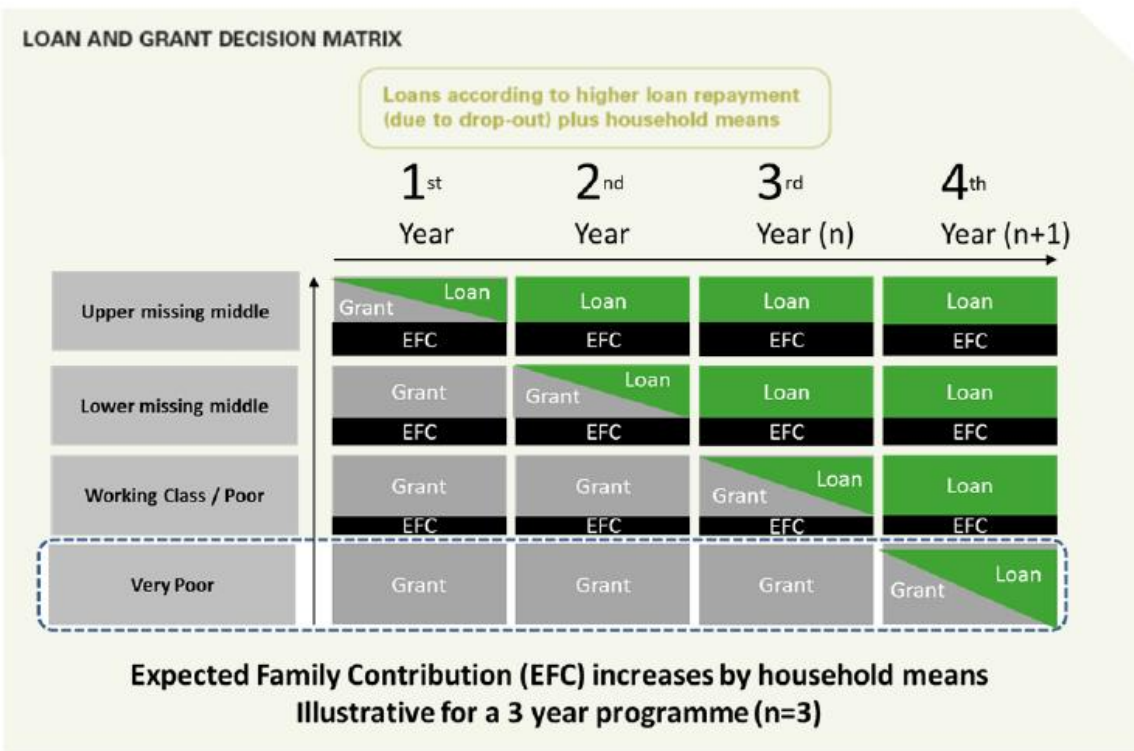
²⁰³ Department of Higher Education, South Africa. 2016. *Report of the Ministerial Task Team to develop a Support and Funding Model for Poor and "Missing Middle" students.*

²⁰⁴ See p9 of the Ministerial Task Team report.

vulnerable to underfunding in case of shortfalls. There is no contingency plan: financial exclusion will continue as before. The corporate incentives impact on development of other areas, for example, the proposal that 25% of skills development expenditure is used for HE takes funding away from skills development of workers and may be regressive. The proposed wrap-around support depends on self-reporting to an online system, but students may forget or may not be aware of problems until it's too late, e.g. if they feel excluded or depressed.

- **Redress:** The ISFAP gazette makes reference to preferring high demand occupations in case of funding shortfalls. For example, the pilot this year already only applies to certain degrees such as actuarial science, medicine and engineering. The neglect of other fields and dictation by private sector interests is very worrying.
- **Assumptions and vision:** No reference to the history of the country and how it has resulted in perverse income inequality that still to this day sees masses of students needing funding to further their studies: no engagement with “debt slavery” or “black tax” as brought up in protests. The scheme accommodates corporates through incentives, when it could have solicited it through other means, e.g. tax is not even discussed.

Proposed ISFAP grant and loan system



WITS Fees Must Fall model

- Basic education is a right in the constitution as it was envisioned to facilitate social mobility, economic participation and emancipation from the poverty trap. It has failed to do so. It therefore becomes necessary to provide HE as a right, which fulfills this role.

- Principles: No student should pay to learn or be forced to prove their poverty, i.e. free education for all. To account for Black Tax, there should be no debt or graduate tax. There should be a collective approach to fixing HE and basic education. The rich should fund HE, and this should not be limited to a 4 year timeframe.
- Sources of funding:
 - 10% “Independent Capital Infrastructure Fund” which incentivises corporations through tax breaks, and with investment from pension funds.
 - Higher Education Endowment Fund with contributions from ONE of the following: increase in skills development levy (1% to 2%), corporate tax (28% to 30%), top tax rate, and Apartheid windfall tax.
- Rollout on a sliding scale beginning with NSFAS and extending upwards in the income distribution.

How does it match up to our criteria?

- **Impact:** No financial exclusion, Black Tax or debt. Quality of teaching and learning is protected through preserving academic freedom and ensuring adequate funding. Corporations and the rich fund the system, though the question of trade offs against expenditure on other basic services remains.
- **Implementation:** Similar problems to ISFAP regarding buy-in required from corporations to fund infrastructure fund; government unlikely to agree to targeted tax increases. Contributions from corporate tax AND income tax are needed to fund fee-free education; while the addition of the Apartheid windfall tax, wealth tax and Skills Development Levy would covers FCS.
- **Redress:** The redistributive nature of the model ensures greater equity, e.g. emphasis on high income families paying and the proposal of an Apartheid windfall tax. The model addresses inequalities between universities through an infrastructure fund.
- **Assumptions and vision:** The role of HE is reimagined. There is a shift from a “user fee” model to HE as public knowledge centres. However, there are no practical aspects of the model (such as graduate service) that put this in practice.

General discussion points

- **Fee-free education for all or for the poor?** A targeted system avoids subsidising the wealthy, but forces low income students to “perform their poverty”, is likely to incur “missing middle” exclusion at the cut off point, and limits the contribution of high income families to a short time frame. Note that many of the funding sources above avoid these problems by deferring payment, e.g. the graduate tax, community service or universal income contingent loans (though each has its own problems).
- **Commodification of education** - The pursuit of education is for profit (through increased worker productivity) and not on its educational value or societal impact. Knowledge is turned into private property by restricting access based on ability to pay. Universities currently reproduce existing social relations and reinforce class structure through fees, while creating social mobility for some. A decommodified university is able to prioritise solidarity, increase access and give a broader social purpose. Quality may increase as social differentiators decrease and private sector interests drive research

and curriculum less. However, this is by no means guaranteed (consider no-fee schools).

- **Workers at HEIs:** Currently, workers who wish to pursue higher education are academically and financially excluded. The call for decolonisation requires that workers are able to participate in the classes they care for.
- **Adult education:** Generations of adults who are workers today never had access to higher education under apartheid. Those who want to 'return to learning' - to access knowledge, gain formal qualifications, or to up-skill, should be encouraged. Many current adults enrolled in HE have to pay their own children's school fees and support extended families, while battling also to pay HE fees.
- **Should universities become more selective?** High dropout rates and debt (which are worse for students on financial aid) suggest that support per student should be greater. If universities spend more on support, they may have to accept fewer students. What are the dynamic implications? Black poor student enrollment will likely decrease. Are there approaches that improve *both* support and enrollment?
- **Coverage:** Does the model include TVETs and the rest of the PSET sector? What happens to students who drop out? Are all levels of education included, e.g. post graduates and PhD students? Are international students (particularly SADC) included?
- **Student freedom:** Funding models which incorporate a household contribution component deliver a lot of leverage into the hands of parents or whoever controls family/household finances. This can be used to prevent students studying what they want (e.g. only paying for "sensible" degrees) or to prevent students studying at all. It also leads to inefficiency because students can end up studying something they dislike or are bad at.
- **What broader funding changes should FMF push for?** Though difficult to earmark for higher education funding, these could free up funds for social spending - in line with the movement's progressive aims. For example, a corruption watch could crack down on both government and business. A People's Bank could decrease the government's reliance on the international finance system and provide cheaper credit so that less can be spent on servicing debt (R163 billion in 2017) and more on direct social services.²⁰⁵

²⁰⁵ Footnote: Monetary theorist Professor Werner explains that the productive spending by the government can be funded through interest-free credit expansion without sacrificing growth. Watch an interview here: <https://www.youtube.com/watch?v=6pU3tw5let4>

Review of Qualitative Discussions

1. Introduction, background and aim

For the past two years, students across the country have been protesting against the cost and institutional culture of higher education. Considerations on, or suggestions for reform to the funding model of HE seem to draw mainly on statistical data and tend to overlook the lived realities of students who are on financial aid, or who experience financial difficulties. This document begins to fill some of those gaps. It presents preliminary findings from a first round of qualitative data collection that gathered student’s narratives on various financial difficulties encountered at UCT. Note that many experiences may be particular to UCT, which is able to use its large income streams to “top up” NSFAS through a GAP financial aid programme. Students from households with gross household income below R600 000 are partly subsidised through loans and grants, which is much higher than the national NSFAS cut off of R122 000.²⁰⁶ As noted earlier however, UCT’s full cost of study is the most expensive in the country (R114 000 p.a. in 2016).

2. The Approach: Student Focus groups and Interviews

Summary of the participants

| Group | Faculty | Study year | Population group | Gender | Funder |
|-------|-----------------|------------|------------------|--------|----------------------|
| 1 | Health Sciences | 2 | African | Male | Family funded |
| | Health Science | 6 | African | Female | Family Funded |
| | Humanities | PhD | African | Male | Personally Sponsored |
| | Commerce | 3 | African | Male | Family Funded |
| | Commerce | 3 | African | Female | Family funded |
| 2 | Commerce | 3 | Indian | Male | Bursary |
| | Humanities | Masters | African | Male | NSFAS + Bursary |
| | Engineering | final | African | Female | Self-funded |
| 3 | Engineering | 1 | African | Female | Bursary |
| | Engineering | 3 | African | Male | NSFAS + bursary |
| | Humanities | 3 | African | Male | NSFAS |
| | Commerce | 4 | African | Female | NSFAS |

²⁰⁶ UCT website: https://www.uct.ac.za/apply/funding/undergraduate/financial/gap_funding/

This review is based on our observations, which may be subject to bias. As facilitator, we conducted three of the student focus groups, followed by one on one interviews with a total of 12 students in 3 days. Group 1 was mostly family funded (considering themselves as “missing middle” and not covered by GAP funding), group 2 was mixed and group 3 was mostly financial aid and bursary recipients. It is likely that the self-classification of being funded by NSFAS included GAP funding from UCT.

Invitations to the focus group discussions were publicly distributed to all UCT students through email and posters. As these discussions were held before most academic programmes had started, there was likely considerable bias in who volunteered. In particular, very few financial aid recipients volunteered. This may additionally have been affected by how the discussions were advertised or a reluctance to publicise personal financial difficulty. This very approach of focus group discussions raises uncomfortable questions of how we gain knowledge of experiences. Other approaches need to be emphasised, such as using existing testimonies that have been recorded in protest and public gatherings.

Of the applicants who volunteered, the main eligibility criteria used in selecting the participants was experience of financial difficulty. The procedure followed in conducting the group discussion was reading out the ethical consent form – where the participants were informed more about their participation, the implications of their participation and their right to withdraw. We then started our discussion with getting to know each other, before moving onto questions regarding students’ experiences with financial difficulties.

3. Preliminary presentation of findings

Discussion on students’ identities and backgrounds

Most of the participants were not from Cape Town, and when introducing themselves, it was clear that, to some, their geographic origins contributed to the financial difficulties. Only 2 of 12 participants were from the Western Cape, one staying in Gugulethu and another one staying closer to the university. Of those that were not from the Western Cape, just less than half had experienced living off campus (or were due to live off campus) and this had caused financial worry. One student in particular, who is funded by the Department of Water Affairs (DWA) and who stays in Mitchell’s Plain said:

“I think DWA should include transport fees... transport from UCT to off campus accommodation should be considered. Or rather organize a place closer for any of their applicants to stay in. Because, I am sure if I had found an off campus accommodation that was nearby, there would not be any of these ups and downs of transport fees and all that.”

Some of the student identity aspects included the racial representation. All but one were African, which was consistent with the racial patterns of financial difficulty and exclusion observed over the last two years of protest. The matter of black tax has frequently been raised during the protests. This is how one of the participants defined it:

“So, black tax basically is when you are taxed by your family... It’s basically you helping out. And it’s not, how would I explain it, yah, it’s basically a black person supporting a family. Because as a black person we live with that saying of “Ubuntu ngumuntu ngabantu”, so a person is a person through other people.”

Another participant described it as follows:

“I’d like to think that every black person through our customs and traditions pays black tax, of which it also speaks to even the religious side - you have to honour your parents. Our parents struggled to get us to this point. The least you can do is to show some aspect of gratitude and that gratitude is by you relieving your parent from their parental duties. You actually step in, but you don’t step in term of asserting your power. You step in like presenting financial assistance to your siblings, helping in the house buying groceries, just the upkeep of the house.”

Black students are often the first expected graduates in the family, placing significantly more financial and emotional expectations on them than white and wealthy students generally have (see earlier in this document).

By asking the students to talk a little bit more about themselves, we gathered a sense of a strong family support for most of them. Parents or families were said to provide help with decision-making or in trying to find funds. No student expressed not having support at home. The conversations revealed that it was mainly the student’s parents or families who were most directly affected by the fees, more so than the students themselves.

“I was lucky enough to be raised in a household with two parents, and my parents are the most supportive people that you’d find. They have been with me through thick and thin, even with me going through financial crisis, tough times in Medical school. Luckily enough for me I was blessed with having a great support structure.”

Issues with sources of funding

Participants were comfortable to talk about who is or was funding them and the precise issues around that.

In the first group discussion, the missing middle student was described by one participant as “too rich to be on NSFAS and too poor to afford tuition fees.” Most of the group had taken out loans as a result. This is how one respondent from the group felt about his loan:

“My mom doesn’t want to take up another loan in her name again. She tells me how she is still paying for my matric loans that she had to take out. So, for me I am at the crossroads and want to finish my degree with a clear conscience.”

Most of participants in the first group had taken out loans from private banks and from higher funding institutions like Eduloan. Interest and repayment was a major issue - one student had to take a loan out in his name:

“A loan of about R20 000 and it’s a kind of a loan that was not secured and not basic, hence I even incurred an interest rate of 29%.”

The key factor that lead most of the students to loans was desperation, even though they were aware of how high the interest rates were.

Of those who had a hybrid funding systems (NSFAS and bursary), many had experienced unreliable bursaries that ended up giving more frustrations and eventually lead to financial

exclusion. One respondent's bursary ran out of funds without paying completely for his annual tuition fees.

Psychological stresses

The participants identified stress as a major aspect of their student experience: there is stress about being granted funding, receiving the funds late from the bursary, not having enough funding, not having a communicative funder and about having funders who placed too much pressure on academic performance of the recipients by expecting unreasonably high marks. This highlighted that the issue is not just about getting funding, but also about *keeping* funding to be able to complete one's studies.

Generally, the second and the third group mentioned that there are high academic expectations from their funders.

One participant during an individual interview expressed how pressure mounted as he had observed the effects of financial exclusion, saying,

“Financial exclusion is becoming more of a problem, like literally I lost 7 friends in the space of 2 years due to financial exclusion.”

Issues with the limited support offered by funders

The range of responses for this question was on the basic tuition and accommodation.

Group 3 highlighted that accommodation and allowances were said not to be covered by some bursaries and this worried the recipient greatly because this meant that she needed to find additional funding for that. All participants from group one expressed a need for more support from the university by means of lowering fees. They emphasised that one consequence of the high fees was that they were unable to lead healthy social lives - most of them have learnt to watch series as a low-cost way of having fun.

Another respondent left NSFAS for a bursary, but then had to leave the bursary for NSFAS - her fund did not communicate explicitly that they do not cater for the student staying in private accommodation. And this is how it made the recipient feel:

“And I was like, “Well - I don't have res for next year, I have to stay in private accommodation.” They were like, “We are not gonna cover that!” and then I was like, “YO!” And they were like, “Also like we don't think we can give you pocket money and allowance,” and I was like, “Then how am I gonna survive?”.”

Issues with the lack of communication from funders

Some students identified inadequate communication between them and the funders.

One comment made was how the bursary funder does not keep them updated about with the promised internship opportunities. Another remarked how the funders do not give further reasons for why some decisions that affect her are made without her knowing about them, such as when suspending her funds – forcing her to figure out financing by herself and without warning. One of the NSFAS recipients was not pleased with the lack of transparency on the

NSFAS appeal processes:

“They just say your application is under review, and they send the same message to everyone.”

There was a sense that some of the participants, mostly from the third group, were not aware of the conditions attached to their funding agreements. Take the case of a NSFAS recipient, who was not sure of what percentage of interest they will incur once they started to work and pay off the loan. Two bursary recipients were unclear about their funders' expectations after studies. The rules become overwhelming to keep track of:

“So is this, 50% new rule of NSFAS. Does it also apply to first years?”

Frustrations and uncertainties stem from the agreements that students make with the university and with their funders. One student on NSFAS who was not happy with how his financial case was handled made this remark:

“We are still clients (of UCT) at the end of the day and just because we are going through a needy position it does not mean that we should be treated any less. There should be that respect of someone who could be going through something very private, I am disclosing this information to you, and I am handing it to you. So, when you respond to me in writing, it should reflect that. “

Overall the three groups highlighted that there should be transparency in how the cost of fees both at UCT and nationally is determined and how the decisions of granting funds are taken.

The best features of the available funding

A group three respondent noted that her sponsor did not expect her to settle what she owes them now – which she considered as being thoughtful of them. Another participant loved the fact that UCT's NSFAS does not give its recipients sBucks cards, which would have stigmatized him as coming from a low income family background. He said:

“Uhhh, I think SRC did argue that this sort of thing creates another class especially within UCT, so if you have a bunch of students from a lower income class walking around with this card...it stigmatises them, you know... and trying to make this space more inclusive, I think it won't work. So, I think that's one point.”

Interventions for better funding

The first group gave me a sense of not being sure of why they are paying so much money at this university - one respondent expressed it as follows:

“Am I paying for a university that's got academics? Is that what I am paying for? Because the thing is, not all academics lecture me. So what am I paying for that is different from other universities?”

The participants had thought of some ways that could be tried by the university and by the funders that could curb their financial difficulties.

One student highlighted that a viable intervention could be a change in the policy setting of

NSFAS - that your eligibility of being funded should be based on whether you are still coming back to study at UCT the following year, if you are still within the system, and what are you still studying. Because he believes that if they are saying they are not going to fund you and you are still in the system, you, even if you had failed, might already know how to perform better now; you might have been rehabilitated in that way and so, you should get funded.

Another student felt that the graduate tax in South Africa means nothing because this country doesn't have many graduates to collect tax from.

4. Conclusion

This qualitative work explores the experiences of students under financial strain. The 12 participants, 11 of whom were African, had experiences of financial difficulty, which for many led to academic difficulty. Many felt that the fees were far too much for them to pay. The financial and psychological stress was common regardless of the funding source, and this was worsened by poor communication. Many students found their funding unreliable or inadequate to cover their full needs. The participants supported the calls for free higher education and gave insight into why, for the past two years, students across the country have been protesting against the cost and institutional culture of higher education.

Although these discussions represent a very select set of experiences, the insight gained shows how important the aims of this exercise are. Policy on financial exclusion should be guided by those it affects - and there needs to be a deep commitment to this, beyond tick box consultation. These discussions generate understanding on technical and principle levels that are hard to gain elsewhere.

Appendix

Calculations for estimates of Fees and Full Cost of Study

Assuming 2015 amounts for third stream and government funding, how much funding is required for fee-free and free full cost of study university education respectively?

R21.5bn was received in fees income by universities in 2015.²⁰⁷ However, some of this was funded by the government through NSFAS. R9.8bn was spent on NSFAS in the 2015 budget²⁰⁸ of which 78% funding went to universities.²⁰⁹ Looking at the breakdown of fees compared to the full cost of study disbursement that NSFAS gives,²¹⁰ roughly 40% is constituted by fees.

Therefore, the income needed to abolish fees at universities is approximately:

$$R21.5bn - 0.4 * 0.78 * R9.8bn = \mathbf{R18.5bn}$$

The FCS calculation is more difficult, and further rough approximations must be made:

- Since we do not have an average FCS for universities, we use the median FCS of about R75 000.²¹¹
- The headcount of students includes part-time enrollment. We therefore use the Full Time Equivalent²¹² count of 667 000 students rather than the headcount of 969 000 in 2014.²¹³ FTE may underestimate costs if there are fixed costs associated with enrollment.
- UNISA accounts for a large proportion of university students and has FCS substantially lower than the contact universities. Using the above sources, we separately factor in the FCS estimate of R18 350 for UNISA's 187 000 Full Time Equivalent students.
- Since NSFAS accounts for FCS, we subtract the full allocation to universities.

Therefore, the Full Cost of Study income needed is approximately:

$$R75\ 000 * (667\ 000 - 187\ 000) + R18\ 350 * 187\ 000 - 0.78 * R9.8bn = R32bn$$

Working backwards as a check and using the 40% fees:FCS assumption, this gives an approximate fees income of R18bn which underestimates the aggregate reported university fees income by R3.5bn. Others estimate FCS to cost between R45bn-R50bn, raising doubt on

²⁰⁷ Lehohla. 2016. *Financial statistics of higher education institutions*, Statistics South Africa, slides 14-17.

²⁰⁸ National Treasury. 2015. *2015 budget highlights*.

²⁰⁹ National Treasury. 2016. Performance and Expenditure Review: NSFAS.

²¹⁰ National Treasury. 2016. Performance and Expenditure Review: NSFAS.

²¹¹ National Treasury. 2016. Performance and Expenditure Review: NSFAS.

²¹² From CHET: "An FTE student enrolment total takes into account the course-load carried by a student. This can be illustrated in the following examples: If year one of a Bachelor of Arts programme requires registration for four courses, a student enrolling for the full curriculum would be counted as a single FTE unit; A part-time student who is registered for one third of a standard curriculum would be counted as 0.33 of an FTE enrolment." Accessed: <http://www.chet.org.za/indicators/glossary.php>

²¹³ CHET, South African Higher Education Open Data, accessed: <https://chet.org.za/data/sahe-open-data>

our FCS calculation.²¹⁴ Although the breakdown of their estimate is unclear and it is possible that our assumptions above were not taken into account by them, we revise **our estimate of full cost of study up to R40bn**. Clearly there are large margins of error here, so this should be seen strictly as approximate.

Model for restructuring fees

Using the principle that all shortfall (R18.5 billion in fees and R40 billion in FCS calculated separately) should come from families of students currently at university, we work backwards from these amounts. The Income and Expenditure Survey of 2010/2011 gives the household incomes of those in the sample who are attending university. The given weights are used to adjust for underreporting and we adjust for inflation where applicable.

A number of arbitrary decisions are made. The brackets are based on NSFAS and missing middle lines; however, while NSFAS uses gross income, IES asks for net income. The proportion of income due in fees is loosely based on the principle that the fees system should be progressive - wealthier households pay a greater proportion of income.

We make a few strong assumptions. Earnings distribution is assumed to be stable between 2011-2015. Note that economic growth should imply smaller fees rates are sufficient - for example, if corporates are earning more profit, the same tax rates will draw higher revenue. We also assume that the sample is nationally representative for university students.

This model is strictly for illustrative purposes.

Model for graduate tax

Similarly to above, the Income and Expenditure Survey 2010/2011 data gives the household income of the sample of all graduates in South Africa. Thus all past graduates are taxed. Simplifications include that a graduate tax would apply to salaries and not household income; the sample is representative of graduates; official tax brackets are used; and effective tax rates are calculated rather than marginal tax rates. If gross income was used rather than net income, the calculated graduate tax rates could be slightly lower.

National Treasury reports calculations in the 2017 budget review: "If each new graduate faced a one percentage point increase in their marginal tax rate [...] applied to all graduates, it could generate about R3 billion annually."²¹⁵ We check this against our model: a 1% increase in the tax rate generates R10 billion. The key difference is that National Treasury uses a marginal rather than effective tax rate: adjusting for this brings the estimates in line with each other.

²¹⁴ Estimates from the Ministerial Task Team on Higher Education report

²¹⁵ National Treasury. 2017. *Budget Review*, p41.