

Financial Mail

Paying for inequality

Gillian Jones | 02 May 2013

Government will spend R26bn on SA's 23 universities in 2013/2014 for around 900000 students. About 165000 are expected to graduate in this time.

But the money is not spent on all students equally. And, unsurprisingly, it seems that the quality of graduates from the different universities is also uneven.

Some institutions are well regarded, producing highly employable graduates and extensive research. Others struggle with both.

In 2010, seven universities - all historically white - were recipients of 48% of the total income but were educating only 30% of all full-time students. This is according to a report by the Financial & Fiscal Commission, an independent statutory body looking at the impact of public resources on development.

Adcorp labour market analyst Loane Sharp says the employability of graduates varies widely, based on where they studied. Graduates with a BSc degree are best able to be placed by DAV Professional Placement Group, a division of Adcorp, if they studied at the University of Cape Town. A candidate with an LLB has the greatest success rate if the degree was obtained from Stellenbosch University, while one with a BCom degree stands the best chance if the qualification was from Rhodes University, says Sharp.

Overall, BCom degrees have much higher placement success rates than other degrees, he says.

Tanja Koch, MD of DAV, says that when hiring BA graduates, clients are not particular about where the candidate studied. For legal professionals, employers are likely to consider CVs that feature universities such as Wits, UCT or Stellenbosch, but place a greater emphasis on the firm where the candidate completed their articles, she says.

Employers are more likely to specify where candidates should have studied when looking for BCom and BCompt (chartered accountancy) degrees, says Koch. She says they also take note of the candidate's marks and are likely to consider where chartered accountants completed their articles. "If one of our clients has two candidates of near or equal strength, nine times out of 10 they will choose the one from the more recognised university," she says.

Since SA has no independent way to measure the quality of its various institutions objectively, this favouring of one institution over another can be based on prejudice or anecdotal evidence, says Prof Ian Scott, director of academic development at the University of Cape Town.

The Higher Education Quality Committee, which falls under the Council on Higher Education, is the statutory body set up to monitor quality. But it has not developed any instruments to measure it scientifically, says Scott.

SA has a graduate unemployment rate of about 5% but from anecdotal evidence it appears graduates from the previously disadvantaged universities are more likely to not get jobs.

Statistics SA's latest labour force figures show 51000 university graduates are unemployed under the narrow definition of unemployment, which refers to people actively looking for jobs.

It appears that the way government is funding universities is entrenching this inequality rather than reducing it. Higher education minister Blade Nzimande set up a ministerial committee in 2011 to review university funding in an effort to combat the trend. Headed by ANC deputy president Cyril Ramaphosa, it is expected to complete its work soon.

The funding system introduced in 2004 entrenches inequalities between previously advantaged and historically disadvantaged institutions, according to the 2012 green paper for post-school education. "The net effect of the funding formula is that very different quantum of resources are available to the different institutions," says Scott.

Most money is allocated according to the number of students enrolled at an institution. Strangely, education quality and the number of graduates produced are not part of the equation.

"For 30 years, institutions have been aware it is more profitable to have high enrolment than to worry unduly about the size or quality of its graduation class," says Scott.

A smaller amount of funding rewards universities based on the number who complete their studies, irrespective of the quality of the certification. Some of the grant is allocated to universities with a high proportion of black and coloured students. Universities are also rewarded for the amount of research they produce, hurting those establishments with no research tradition, says Scott.

For example, five institutions - the universities of Cape Town, Pretoria, Stellenbosch, Witwatersrand and KwaZulu Natal - together dominate the field, producing more than 60% of all research and postgraduate output, according to the Council on Higher Education.

The funding formula is "institution blind", says Scott. "It's a standard formula applied to all institutions. But the effect on institutions varies considerably."

Besides government funding, universities get income from private sources and student fees.

As a percentage of total government spending, the proportion going to higher education has been steadily declining, from 3,02% in 2000 to 2,47% in 2011.

Government funding has also declined as a share of a university's total income - from 49% in 2000 to 40% in 2010, according to the higher education department. Student fees as a proportion of universities' total income has risen from 25% in 2000 to 30% in 2010. Private income has increased from 26% in 2000 to 30% in 2010.

Some universities are better able to attract private funding than others. Certain institutions have built up sizeable endowments and those with a wealthier alumni base are better off.

This leaves the odds stacked against rural and historically black institutions, says Scott. The system expects them to produce graduates and research of comparable quality with fewer resources and often inadequate infrastructure.

"How on earth does anyone expect Limpopo University to be able to deliver the same outcomes as Pretoria University in terms of quality of graduates and numbers within this funding structure, in the same number of years?" Scott asks.

The green paper proposes dropping the idea that universities in the system are equal for funding purposes. Instead, the funding formula needs to be reworked to recognise that universities have varying strengths and fulfil different roles.

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