

## FINANCIAL MAIL

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### Financial Aid

# STUDENT FINANCIAL AID: Dropped at the door

by [Troye Lund](#), 19 March 2015, 09:19

ONLY about half of the tertiary students who qualify for state financial help will get it in the next three years. This level of funding is undermining several of government's goals, the Financial & Fiscal Commission (FFC) has warned parliament.

Demand for a chance at higher education is rising but the National Student Financial Aid Scheme (NSFAS) is not doing enough to support skills development, reduce youth unemployment and grow the black middle class.

The scheme has R20,4bn for needy students over three years. Government estimates the demand is for R51bn.

The target government has set itself in the latest medium term expenditure framework (MTEF of 2014/2019) is to increase university student enrolment from 950 000 to 1,07m. It aims to double enrolment at technical colleges from the current 650 000 and to increase the number of artisans produced annually by these institutions from 18 000 to 24 000.

But as a proportion of the department of higher education's budget, the NSFAS annual allocation will drop slightly from 12% to 11% over the MTEF. Real growth in 2015/2016 is lower at 1,8% than the 2,8% recorded in 2014/2015. Though real growth in the fund will recover to 2,2% by 2017/2018, FFC acting chairman Bongani Khumalo says: "The scheme has less than half of the funds needed to meet the increasing demand [for tertiary education]."

The FFC argues that the size of the fund is not only out of kilter with government's enrolment and skills targets in the next five years, it does not take into account how fee increases at universities and colleges are driving demand for finance, especially from poor black students. Government subsidies to universities will slow from 5,3% to 2% over the MTEF. New money will go to building two new universities, but existing institutions say they are left with little choice but to increase fees to make up for lost subsidy revenue. This puts tertiary education further out of reach for the average black African household, which earns R69 000/year.

Anger has been evident at several universities and colleges as new applicants and returning students have protested at the prospect of not being able to study further. At the Tshwane University of Technology (TUT), for example, about 20 000 returning students across the

institution's six campuses have been told that their NSFAS funding is no longer available. The fund allocated R463m to TUT this year compared to R633m in 2014.

EFF MP Moses Mbatha says: "We are not creating a state of affairs that is able to completely liberate a black child. Don't be shocked by the response of young people."

DA MP Yusuf Cassim asks how government can claim that higher education and skills development is one of its "apex priorities" when it spends only 0,75% of GDP on it. This is less than the 0,78% other African states spend and the 1,2% of GDP that other member states of the Organisation for Economic Co-operation & Development spend.

Higher education & training minister Blade Nzimande has questioned the increasing fees at higher education institutions and is proposing government control of increases. But he is also clear that the funding squeeze on the NSFAS is not about to change and the fund is not going to swell to the R51bn he estimates is necessary to meet demand. Nzimande has appealed to businesses to offer more bursaries and loans.

Students don't buy the argument that government has limited cash. The student Occupy Movement says if government spent less on "credit cards and consultants" it could easily find enough finance for all students who qualify for support.

Nzimande says SA mustn't lose sight of what the financial aid scheme is achieving.

"The NSFAS allocation has been steadily increasing each year and thereby increasing the number of students entering the post-education and training system," reads a statement from his office which outlines how 409 475 students were supported by the fund last year (see graphic).

Government's problem is not just about money. Nzimande has raised concerns about bursaries awarded fraudulently to students who can afford to pay their own way and has asked for a forensic inquiry into this.

The scheme's poor loan recovery rate of about 30% is another problem. The recovery rate is among the lowest for such a fund globally. Japan, for example, has one of the best recovery rates, about 68%. Research by Stellenbosch University's department of economics highlighted in 2013 how the NSFAS wasn't efficient at tracking debtors, especially between the time when they finish studying and when they start their first job. Employers are supposed to notify the fund if they employ a beneficiary, but the NSFAS administration also battles to keep track of students who fail or drop out.

Some of those who do qualify still struggle to find jobs, which suggests that the fund needs to be better geared to supporting students studying courses that will give them sought-after skills.

The FFC cautions that improving the quality of basic education is also critical to limit the high failure and dropout rate at a tertiary level. It suggests cabinet and parliament demand a "better return on investment" from the fund and from the education sector as a whole, and calls for a review of the way that higher education is funded.

Proposals for different models of funding were made in 2010 by a government review but these have yet to be taken further.

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