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STUDENT FUNDING MODEL USED BY THE NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS) AT UNIVERSITIES IN SOUTH AFRICA

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Abstract

Purpose: The purpose of this research is focused on evaluating NSFAS as student funding at South African Universities.

Problem Investigated: Public universities in South Africa witnessed student protests on campuses during 2015 and 2016. These were orchestrated by students demanding additional funding assistance from the National Student Financial Aid Scheme (NSFAS), zero-fee increases and the scrapping of student debt by universities. In 2012 a report for fee-free university education for poor people was handed to the Minister of Higher Education and Training. It suggested that fee-free higher education would be possible if more funds were injected into the NSFAS. It is not currently known how much funding is required to fund both the poor students and the missing middle students who earn beyond the NSFAS eligibility threshold.

Methodology: A quantitative research method was used. Information on student funding at a specific period, was collected using different universities to corroborate

the data received in order to solve the research problem. The approach assisted in identifying how student funding is allocated per university in a specific academic year.

Value of the Research: The higher education sector is constantly evolving. The past struggle of universities was to ensure that they attracted the best academics and students. The focus has now changed to the student struggle on matters of academic exclusion, financial exclusion and the decolonizing of universities. The study of student funding in South African universities is made more urgent by student protests at universities, and the citing of lack of funding as the main reason why students have been excluded from the universities. The study focuses on the real impact on the universities and also how they have responded to the major challenges.

Conclusion: Although this study focused mainly on student funding, it is critical that students who are funded from various sources are also supported in terms of psychological readiness, the transition from matric to university and acquiring financial management skills.

Keywords: National Student Financial Aid Scheme; Student Fees; Funding; Grants; Universities

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INTRODUCTION

The National Student Financial Aid Scheme (NSFAS) is a government agency responsible for disbursing bursaries and loans to poor students [1]. The mandate of the scheme is to recoup loans from the students when they secure employment. The Scheme also embarks on fundraising initiatives to support students at all public Universities and Vocational Education and Training Colleges. According to the NSFAS Annual Report, the Scheme has raised from R441 million in 1999 to R9 billion in 2015 [1].

This demonstrates the commitment by government to ensure that all poor, deserving students have access to Universities. It is also a reflection of the great effort made by NSFAS to ensure the fair and equitable distribution of bursaries and loans to students.

According to the twenty-year review released in 2014 by the President of South Africa, Jacob Zuma, University enrolments doubled from 495 356 in 1994 to 953 373 in 2012 [2]. The enrolments were at Universities and Teachers' training colleges. The National Development Plan further stipulated that university enrolments must reach 1.6 million by 2030 [3]. It is clear that the increasing numbers require an increase in capacity at the Universities, which includes the building of new infrastructure in order to accommodate the National Development Plan's projections. Student funding is

fundamental to the success of these plans by government. Increased enrolment will require more funding, and the government and the Universities must also find ways to reduce the costs of higher education. It is worth noting that government currently spends 0.75% of its budget on higher education; this is the lowest when compared to other G20 countries such as Saudi Arabia, Russian Federation, Argentina, India, Brazil, and Indonesia [4] (Table 1).

Table 1: Government budget for higher education institutions as a percentage of GDP and total state finance.

Year	GDP (R '000)	Total State Finance (R '000)	State budget for universities (R '000)	State budget for universities as % of GDP (R '000)	State budget for universities as % of total state finance (R '000)
2004/05	1 449 020	368 459	9 879	0.68	2.68
2005/06	1 663 812	416 684	10 780	0.67	2.59
2006/07	1 832 763	470 193	11 755	0.64	2.50
2007/08	2 078 822	541 443	13 057	0.63	2.41
2008/09	2 312 965	635 953	15 120	0.65	2.38
2009/10	2 442 598	747 197	16 742	0.69	2.24
2010/11	2 666 894	809 923	19 108	0.72	2.36
2011/12	2 914 862	88 923	21 997	0.75	2.47
Source: (DHET [4])					

The challenge to improve the participation rate for black students remains a fundamental issue for government. The Twenty Year Review stated that participation rates remain skewed in favour of White and Indian students, with only 16 percent of African and 14 percent of Coloured people of University-going age enrolled in higher education institutions, as opposed to 55 percent and 47 percent of White and Indian young people respectively [2]. The poorest in South Africa are mostly African citizens, although the statistics on the participation rate is inconclusive but the lack of funding for these students increases the likelihood of under-enrolments from this population group.

The Increase in Student Enrolment and Fees

The Universities saw a growth in the number of student enrolments over the past few years. In 2010 there were over 892 000 students enrolled at 23 public universities, all of which rely on government for funding [5,6].

The growth in student enrolments does not match the financial resources available for post-school education (Table 2).

Table 2: The cost of attending a higher education institution.

	BA	B Com	BSC	LLB	BEng
University of Cape Town	R43 500- R59 000	R50 000- R62 500	R51 000- R64 500	R46 500- R52 000	R51 500- R53 000
University of the Witwatersrand	R33 640- R43 320	R42 010- R43 320	R41 080- R58 580	R32 470	R40 170- R48 150
Stellenbosch University	R32 534	R33 164- R46 338	R37 880- R40 749	R39 606	R45 070
University of Kwazulu Natal	R38 160- R46 700	R39 170	R30 940- R39 600	R36 500	R39 150- R40 000
University of Pretoria	R25 710 - R36 270	R34 720- R39 610	R36 880- R54 620	R31 800	R34 500- R42 600
Rhodes University	R37 200	R40 700	R38 700- R40 700	R41 730	n/a
University of Johannesburg	R29 170- R35 970	R29 140- R37 000	R30 600- R50 940	R29 460- R33 840	R34 500- R42 600
North-West University	R28 140- R49 200	R38 600- R41 050	R38 400- R44 650	R36 500	R43 900
Source: Business Tech, October 2015.					

The report of the Ministerial Committee for the Review of the Funding of Universities concluded that government should increase spending on higher education [4-6]. The report postulates that, for South Africa to develop a more knowledge-based economy, a speedy response is required to the lack of funding. Further findings were that, if participation rates for African and Coloured students are considered

important, more funding will have to be allocated to the public university system. Notwithstanding the fact that government was committed to looking at the funding challenges, students demanded an increase in the student funding administered by NSFAS. The government responded in 2015 by making more funds available through the Scheme, and appointed a presidential task team to address the challenges raised by the students [7]. The student protests were also exacerbated by the increase in tuition fees. Students argued that the cost of tuition and the increase in student debt had become a deterrent to students' completing their studies.

The cost of tuition, as illustrated by Table 2 below, underwent a sharp increase year-on-year, which undermined the contribution made by government to student funding, and resulted in calls for a zero-fee increase from student organizations in 2015.

Government continued to engage with all stakeholders in order to find a long term, sustainable solution to current challenges. Universities undertook to assist academically deserving students with funds and in some instances organized more lenient payment plans for them so that they could graduate. These engagements demonstrated a shift in the universities' attitudes, and suggested the start of a new dispensation in which universities were not regarded only as 'think tank' focusing exclusively on academic agenda, and not concerned with matters of student funding.

The Current Situation with Regard to Tuition Fees

In 2015, the South African government reported that there was over R2.5 billion that would be allocated to clear the historic debt of students who were eligible for NSFAS from 2013 to 2015, but were not funded due to the funding shortfall. In essence, the funding made available will only cover the students who have applied for NSFAS; there is a large group who has not applied for NSFAS but find themselves with huge tuition fee debt.

Government funding for higher education in South Africa is divided into two grants, block grants and earmarked grants [8]. Block grants are split between teaching input grants, teaching output grants, research output grants and institutional factor grants. Earmarked grants are usually set aside for various activities and include teaching development grants, foundation provision grants, research development grants, the National Student Financial Aid Scheme, veterinary sciences grants, clinical training grants, infrastructure and efficiency grants, merger multi-campus grants, new Universities, the National Institute of Human and Social Sciences and the African Institute for Mathematical Sciences [8]. Block grants comprise 70% of the total state budget allocated to the publicly funded institutions, whilst the earmarked grants only account for 30% of the allocated budget [8].

The History of Student Funding in South African

The education system in South Africa can best be described in two phases, pre-

apartheid and post-Apartheid [9]. Access to universities pre-apartheid was difficult for many students of colour; post-apartheid, government has tried to improve access to universities by making systemic changes in their admissions policies and injecting more financial aid for academically deserving but financially needy students. Universities requests an upfront payment before registration is finalised, however, this practice excluded students who were from poor families where there were no joint family income. A scheme called Tertiary Education Fund of South Africa (TEFSA) was introduced in 1995 by the South African Government. The scheme's sole purpose was to promote access to universities by funding academically deserving but financially needy students. The scheme had received no less than R12.6 billion by 2010, and in 2011 another allocation of R5.4 billion was awarded to it [10].

The challenges of university and student funding were mentioned in the policy development documents that seeks on increasing the quality, governance and participation rate after 1994. The documents were the National Commission on Higher Education [11], The Education White Paper 3, and the Council on Higher Education (CHE). Although the Council on Higher Education had specific mandates to fulfill, the critical discussion did not fail to mention the funding challenges that Higher Education is faced with. The funding mechanisms before 1994 were as follows:

Formula funding: this initially applied to historically white universities and employed two methods: full-time equivalent student enrolments as input variables, and student success rates and research publications as output variables [12].

Negotiated budgets: again, this funding was applied to historically white universities and technicians. Higher institutions were expected to submit their annual budgets, detailing expenditure and income.

Full funding: at that time, this funding was earmarked for the college sector. No budget submission was required from this sector, as government accepted responsibility to pay the full amount.

Further to the funding mechanisms above, Moeketsi and Maile [13] noted that in 1993, the apartheid government continued with a skewed and unequal allocation for education funding: R4 504 for the education of a white pupil, R3 625 per Indian pupil, R2 855 per coloured pupil and a R1 532 per black African pupil [13]. The allocations were the reason for the marginal number of black people representation in universities.

The Policy Review on Higher Education elaborates on the funding mechanism after 1994:

Between 1995 and 2003, Universities were partially funded by government and the agency appointed by government to administer loans and bursaries, the National

Student Financial Aid Scheme [10], NSFAS was established in 1995. This agency was administered by the Tertiary Education Fund for South Africa, which was founded in 1991 as a non-profit organization tasked with providing loans for University students [14]. After 1994, funding for higher education was governed by the principle of sharing costs between the students/parents and government, as well as considerations of redress, equity and development [11]. The crux of the issue was for government to widen the access to universities, and this could only be achieved by providing more funding for them.

The government also published a New Funding Framework (NFF) in 2003. According to the Department of Education the NFF is goal-oriented and performance related, and was originally founded to implement an equitable way of distributing government grants to institutions, in line with national goals and priorities and approved institutional plans. It is notable that, since the NFF was published, there has been greater progress and task-teams and committees have been established to deal with the funding of higher education. All recommendations were tabled in the relevant committees.

The participation rate of African students showed a sharp increase between 1993 and 1999, 74%, while there was a decline in white students of 27% over the same period [15]. African student enrolments increased from 191 000 to 343 000 between 1993 and 1999. This increase of 152 000 African students constituted 59% of the total headcount of enrolments in higher education. It can be argued that this upward trend is a result of government's funding of students and its plans to increase the African students' participation rate.

The National Development Plan dictates that universities and other private higher education institutions should increase their enrolments from 950 000 in 2010 to 1 620 000 in 2030 [3]. The Development Plan noted the major challenges that higher education is facing: low participation rates, high attrition rates, and a curriculum that is not aligned to society and its needs, the absence of an environment that allows every individual to reach and express their full potential. The plan fell short of mentioning student funding as a major challenge for the higher education system. In 2013, the Ministerial Committee for the Review of the Funding of Universities, chaired by Deputy President Cyril Ramaphosa, recommended that government spending of 0.75% will have to increase in order to match the envisaged increase in enrolments in 2030, according to the National Development Plan [4].

History has shown that countries all over the world are likely to increase student funding during an economic boom and apply cuts during a period of recession. In South Africa, University enrolment has more than doubled, while government funding per student declined from R20 187 a year in 1994 to R16 764 in 2014 [16]. These declines did not match the university inflation that averaged 8.7% between 2009 and 2015 [17]. Universities argued that the increase in tuition costs were a result of the huge operational costs that a University must finance to keep teaching and learning

at acceptable standards. Statistics SA reported that the higher education institutions' total expenses increased by 12% in 2013, increasing from R41,4 billion to R46 billion.

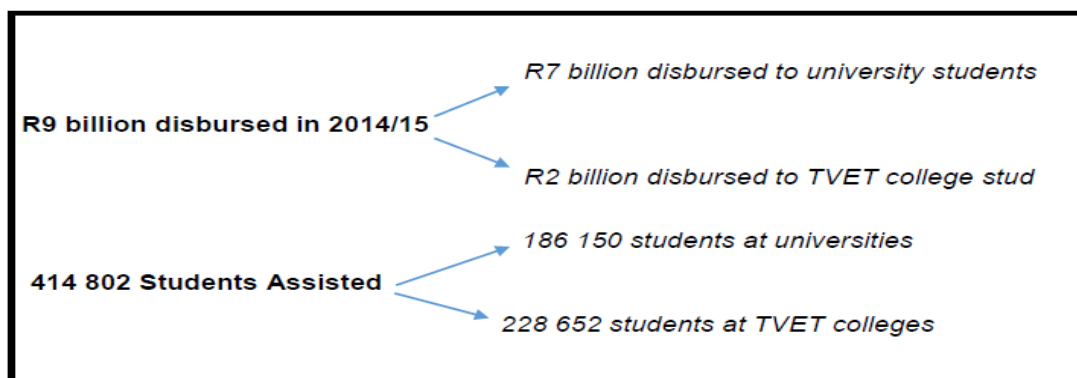
A report prepared by Price Waterhouse Coopers stated that the cost of delivering education in South Africa is close to R50 billion annually. The figure is staggering when you consider the year on year decrease in state subsidies to Universities, and the increasing student debt.

It should be noted that the student funding shortfall is not confined to South Africa: in the academic year of 2015/2016, the Scottish government had a funding gap of over 60 million pounds [18].

The Role of the National Student Financial Aid Scheme (NSFAS)

Universities are dependent on various combinations of funding sources, but one of the major components is the fees that students pay. The government is mandated to subsidise universities in anticipation of the future economic growth that will flow to the country from graduates. In turn, universities are required to sustain themselves and cover their day-to-day operating costs. However, tuition fees were not affordable by students from poor financial backgrounds but demonstrated that they deserved because of their good academic performances. Aiming to increase access to universities, the South African government introduced a scheme called the National Student Financial Aid Scheme. According to the NSFAS 2014/2015, NSFAS was established in terms of Act 56 of 1999 [1]. The purpose of the Scheme was to provide student bursaries and loans to academically deserving but financially needy students at all public universities and technical, vocational education and training colleges (TVET). The NSFAS scheme was, by default, also tasked with the responsibility of recovering student loans and raising funds from donors for student loans and bursaries. It is important to note that this study undertaken will focus only on funding Universities and not TVET colleges (Figure 1).

Figure 1: NSFAS disbursements for academic year 2014/2015 (Source: NSFAS Annual Report 2014/2015 [1]).



The NSFAS Annual Report for 2015 stated that the Scheme has provided over R50 billion in student loans and bursaries since 1991, it further stated that it has disbursed the following funds in the academic year 2014/2015 [1].

It must be acknowledged that government has done extremely well in keeping up with the need to provide funds for poor but academically deserving students. The Minister of Higher Education and Training (DHET) echoed the views of many activists regarding the contribution made by the state. He also acknowledged that the demand for education far outweighed the money allocated to Universities for student funding [19]. In 2014, just over 550,127 pupils wrote matric and about 75.8% passed [20]. These numbers do not correspond to the 186,150 students that were funded by the NSFAS in 2015 [1].

In a circular released by NSFAS to all universities about 2015 allocations, it was reported that the initial student funding should be capped at R67 200.00 per student, to cover the full costs of tuition, accommodation, meals, books and other allowances [1]. The implications of the increasing tuition fees and the rigid student award from NSFAS were that students were left with a funding gap that would accumulate until they exited or graduated.

While the South African government goes ahead with the idea of increasing access and participation rates for African students, an article drafted by Mdepa observed that there was a direct correlation between poverty and student retention in Africa [19]. The author quoted several studies which demonstrated that many students are forced out of higher education as a result of financial barriers, and that a high number of students from lower economic backgrounds fail to complete higher education courses after gaining access. Mdepa, et al. [21] concluded that there was neither equitable access nor retention in higher education. All these findings are at the core of student funding, which is a key driver for access and participation by most previously disadvantaged Africans [22,23].

The 2013 Ministerial Committee that was tasked with reviewing funding for universities found that there was a widening gap between what the government was making available for student funding and the cost of tuition that the universities were charging [5,6]. The call to cap the tuition fees for higher education should be discussed in parallel with increasing government funding for students has gained momentum since 2009, including the demand for free higher education. The tuition fee cap should, however, be discussed in conjunction with real facts and figures. In 2015, a report [23] by Price Waterhouse Coopers showed that between the academic years of 2010 and 2012, tuition fees at the twenty-three public funded universities increased from R12.2 billion to R15.5 billion (27%), while student enrolments only increased by 7% during the period of 2010 to 2012 [23]. The report also showed that student debt increased from R2.6 billion to R3.4 billion during the same period, therefore the idea of scrapping or capping tuition fees should only be

taken after all the factors are considered, as it could put universities into serious financial difficulties [23].

One of the problems associated with NSFAS was the amount of red tape involved in the application process. In one of the surveys done at the time, students noted that they were required to submit the same documents year after year, i.e. the same death certificates were requested every year [24,25]. The NSFAS responded by introducing a centralized application system which is currently being piloted in eleven institutions [26]. Students from the piloted institutions make applications directly to NSFAS, using online facilities. The positive change is also that students apply for the three-year programme instead of making year-on-year applications in which the resubmission of documents is required.

The NSFAS is often subjected to allegations of corruption and fraud in the allocation process, most of which happens at an institutional level. The Minister of DHET has sourced the services of forensic investigators to look at the allegations and report back with recommendations from all Universities [24,25]. Minister Blade Nzimande raised the issue of corruption in 2014. While fraudulent supporting documents are always possible, the documentation that is most likely to be falsified is an affidavit declaring non-income earners at home, while there might be parents who are working [27].

Repayment of student loans plays a critical role in allowing the NSFAS to reinvest back into the university system in order to assist more students [1]. The challenges involved in collecting loan repayments have forced the NSFAS to partner strategically with institutions such as the South African Revenue Services (SARS) for the collection of debts. NSFAS states that the sustainability of the scheme relies purely on the ability and willingness of the recipients to repay the money owed to the scheme [1]. The major weakness of the NSFAS is the inability to recover the disbursements made by the Scheme. In 2014, only R338.8 million was recovered from the students who had graduated and secured employment [1]. This amount declined to R247 million in 2015. The Scheme noted a record 70% loan impairment rate in the financial year of 2014 [10]. The impairment rate is symptomatic of a system that is providing billions in student loans year after year, but facing many challenges in recouping the loans. The Annual Report states that, since inception, over R50 billion has been provided to assist students with loans, but in the years 1992 to 2015, the Scheme only managed to recover R4.6 billion.

The amount owed to NSFAS by past NSFAS students is R21.2 billion [1]. NSFAS reported that 11 700 student debts, with a combined value of R285 million, were considered as irrecoverable debt because the recipients were deceased [1]. The extraordinary discrepancy is obvious.

The recovery of NSFAS loans in 2010/11 was R638 million, and went down to R248 million in 2015. The main cause of the decline was that a Review Committee that

was tasked by the Minister of Higher Education and Training recommended that NSFAS make some adjustments to their collection strategy [28]. It stated that, prior to 2010, NSFAS was deducting repayments of loans through garnishee orders that has become illegal since the implementation of the National Credit Act of 2005 [28]. Section 23 of the NSFAS Act had to be revised as it allowed NSFAS to deduct loan repayments without the consent of the employee. The Scheme was considered to be a credit provider, therefore was obliged to operate within the parameters of the laws of the country. It could be argued that, because this was government and tax payers' money owed by the students, the NSFAS was obliged to collect it by implementing a robust strategy that was able to recoup the money as quickly as possible.

The repayment of loans to the NSFAS is calculated on a sliding scale based on the debtor's annual salary. The NSFAS scheme requires that the borrower must earn at least R30,000.00 per annum before they can start making deductions, the repayment amount only start at 3% of the annual salary and it can climb to a maximum of 8%, depending on the circumstances [1].

While responding to the NSFAS's inability to fund all needy students due to the shortage of funds and the pressure from the #fees must fall movement, the president of South Africa announced a presidential task team that was mandated to look at short-term funding for the students [29]. In its recommendations to the President [30], the following were key findings and also a response by government to avert potential student protest at universities:

1. A short-term solution for the 0% fee increment: R2.3 billion will be made available to address this shortfall. Government will cover most of the contribution and the Universities were requested to make budget cuts to cover their portion.
2. Upfront fee and registration payments should be implemented across the system for those who can afford to pay. Students who meet the NSFAS means test should not be required to pay upfront payments. The recommendation meant that the government will pay Universities early in January to assist them with cash flow and allow NSFAS students to register without the minimum registration payment.
3. The NSFAS shortfall has been quantified at R4.582 billion. The Report recommends that R2.543 billion of this amount must be made available from the fiscus in the form of loans, to provide short-term debt relief to 71 753 students who were funded inadequately or were unable to access financial aid over the 2013 to 2015 academic years. A further R2.039 billion is required in the 2016/17 financial year to ensure that currently unfunded continuing students receive NSFAS support in the 2016 academic year.

This amount will also be made available through reprioritization from the fiscus.

Additional recommendations include the following [31]:

1. NSFAS should improve its administrative systems and engage with universities and students to make sure that the rules of the Scheme are clearly understood.

2. Rules pertaining to the academic eligibility of students for NSFAS should be applied consistently. Continuing students who meet the NSFAS academic criteria and the University's criteria for proceeding, should continue to be funded for the duration of their studies.
3. Universities should review and improve the efficiency and effectiveness of their communication systems with students on all issues, including NSFAS matters.
4. A process must be put in place immediately to develop a new financing model, which includes the private banking sector and other business interests, to incorporate options for funding the "missing middle". This model should enable the provision of loans at favourable interest rates, without having to provide surety. This must be developed during 2016 with a view to testing it in the 2017 academic year, before full implementation in 2018. Investment should be solicited from the full range of stakeholders to enable implementation on the scale required [32].

A new funding model is due to be announced by the NSFAS. The model will be piloted in 2017 and will implement five key strategies that will change the current NSFAS process [33]:

1. Introducing a relative financial means test that determines the family's disposable income to include the so-called missing middle.
2. Finding the means to address the high dropout rate among poor students from tertiary institutions. NSFAS wants to move away from being a financial backer to providing proactive academic and psychological support in addition to funding.
3. Engaging with the private sector, NGOs and financial institutions in order to source funding for bursaries and loans.
4. Look to universities and employers to provide incentives for programs that lead to graduate employment.
5. Improving debt collection from graduates who owe money to NSFAS and are currently employed, earning above the set threshold.

The new funding model refers to the high dropout rate, which could be linked to student funding. It implies that the government, through NSFAS, previously put money into the system without proper monitoring or support for the students who were funded [33]. The Human Sciences Research Council reported that 120 000 of the students who enrolled in higher education dropped out during their second and third year of studies [13]. Of the remaining 60 000, 22% graduated within the specified three years duration for a generic bachelor's degree [13]. These numbers are staggering and undermine the plan to increase the participation rate for African students.

In 2015, a brief analysis was made by QS Rankings to look at tuition fee cost for seven top South African Universities [34]. It reported the following:

The comparison below is a good example of a situation where the tuition costs versus the NSFAS award are not synchronized. It must be noted that the figures

below represent the tuition fee cost component for the 2015 academic year only, and exclude student accommodation, books, meals and other study related expenses. The NSFAS has done well in ensuring that previously disadvantaged students are enrolled at universities (Table 3).

Table 3: Average tuition fees for seven universities.

University	Average Fees of all Courses - 2015	Average Fees of all Courses - 2030
Cape Town	R44 500	R228 804
Witwatersrand	R37 824	R194 478
Stellenbosch	R37 036	R190 426
Pretoria	R28 594	R147 021
Kwazulu-Natal	R27 691	R142 380
Rhodes	R31 100	R159 906
Johannesburg	R30 574	R157 201
Source: Mbuya [33].		

The government will always boast on the remarkable investments, which ultimately increase the participation rate of African students [1]. One could therefore argue that NSFAS requires a forward-thinking, sustainable strategy that will cater for all students, from the poorest families to the middle-income earners who cannot afford tuition fees. Universities' NSFAS processes should be aligned to the NSFAS mandate to ensure that there is no gap in communication with students regarding NSFAS.

The challenge of corrupt activities on NSFAS applications and the submission of fraudulent documents should be minimized at institutional level. NSFAS requires a working group that will include financial aid managers from all the universities to ensure that communication and policy changes are communicated as quickly as possible to all stakeholders. One can also applaud the shift in the NSFAS strategy to working with banks, and the appointment of Dr. Sizwe Nxasana as the Chairperson of NSFAS was a step in the right direction [34]. He brings a wealth of banking experience that can be integrated with the NSFAS's long-term strategy to fund a huge number of students, including the missing middle (Table 4).

Table 4: Tuition fee for first years per qualification, per university.

Estimated tuition fees for the first year of a Bachelor of Arts (BA) degree		Estimated tuition fees for the first year of a Bachelor of Science (BSc) degree		Estimated tuition fees for the first year of a Bachelor of Commerce (B Com) degree	
University of Cape Town	R46 000	University of Cape Town	R50 000	University of Cape Town	R50 000
University of Kwazulu-Natal	R45 860	Wits University	R41 080	Wits University	R42 010
Wits University	R33 640	Stellenbosch University	R40 746	Rhodes University	R40 700
Stellenbosch University	R32 534	Rhodes University	R38 700	University of Kwazulu Natal	R39 170
University Pretoria	R30 560	North-West University	R36 400	North-West University	R38 600
University of Johannesburg	R29 170	University of Kwazulu-Natal	R30 940	Stellenbosch University	R32 164
North-West University	R28 140	University of Johannesburg	R36 400	University of Pretoria	R30 160
Rhodes University	R27 000	University of Pretoria	R30 940	University of the Free State	R30 115
University of the Free State	R26 015	University of the Free State	R30 600	University of Venda	R28 570
University of Venda	R24 780	University of Venda	R27 390	UNISA	R14 507
UNISA	R13 600	UNISA	R12 800		
Source: Fin Week, Africa Check.					

The NSFAS loan repayments cannot be laid only on NSFAS, recipients have a responsibility to pay back what is due. NSFAS, employers and universities must drive a campaign that will create awareness to all past NSFAS beneficiaries. The NSFAS must also look into incentives that will encourage students to pay their debts, i.e. the possibility of scrapping the interest of student debtors who pay the loan amount in full. NSFAS must send electronic financial statements to the students on a regular basis.

The 2015 NSFAS Annual Report [1] stated that R22 billion is owed by students, and if the money is repaid it translates into an additional 327 380 (R22 billion divided by R67 200 NSFAS Cap amount) students who can be assisted by the Scheme. The recovery of NSFAS loans is in the interests of the economy, universities' and government expenditure [35].

RESEARCH

The study undertaken followed a positivist approach. Data was collected from different universities about student funding in the respective finance divisions. The aim of collecting information was to validate the similarities that the universities are currently facing with regards to student funding.

The researcher used the quantitative research approach as it provides more reliability and objectivity of the information received from the respondents. For this study, eight universities were selected as samples from 26 universities. The researcher seeks to understand the funding patterns of NSFAS, therefore there is a need to identify similarities amongst the Universities.

The study on student funding follows a cross-sectional design approach. The researcher gathered information on student funding at a specific period but using different universities to corroborate the data received. The approach will assist in identifying how student funding is allocated per university in a specific academic year.

The study involved a population size of 26 public universities that are dependent on government in terms of grants and student funding [36]. These universities are located across the nine provinces.

The study identified eight public universities across the nine provinces. The sample population is informed by the universities, who were mostly affected during 2015/2016 student riots.

1. An online questionnaire was sent to managers dealing with student funding in the universities selected.
2. The questionnaires sent to the financial aid managers were designed to help understand the student funding derived from various sources, external sponsorships,

National Student Financial Aid Scheme and parents who were paying for the self-funded students.

3. The financial aid managers were asked similar questions and the answers were evaluated based on the criteria set.

The study adopted a non-probability sampling because the study on student funding was targeted at Universities only. The aim of the researcher was not to generalize the findings to the entire population, but to find a subjective conclusion on the student funding phenomenon.

The universities identified were: Witwatersrand University (WITS), University of Johannesburg (UJ), Nelson Mandela Metropolitan University (NMNU), University of Pretoria (UP), Tshwane University of Technology (TUT), Durban University of Technology (DUT), University of South Africa (UNISA) and University of Cape Town (UCT).

The efficiency of NSFAS criteria and the allocations to universities

While all universities accepted that the NSFAS was the biggest scheme assisting the previously disadvantaged students, major gaps were identified. One could argue that some of the challenges were inherent because of the current demographics and education system pre-1994.

A question was posed to all universities, asking whether or not NSFAS funding was sufficient for the university and its students. All the universities responded that the allocations were not sufficient. NSFAS allocated funds, year-on-year, that ranged from R100 million to R750 million; this investment may seem adequate, but there was an increasing number of students enrolling every year. The answer to the question therefore reflected a growing challenge that had the potential to run the universities into bankruptcy. One could argue that part of the reason for the funding shortfall could be the slow recovery of student loan repayments.

Although the funding shortfall seems to be dominant problem for Universities, there also seem to be concerns about the NSFAS criteria that are currently used. It is critical that NSFAS looks at the application process and eliminates all loopholes. Universities consent that the affidavits submitted by students, stating that there is no income generated by the family, are susceptible to false information.

RECOMMENDATIONS

It is very important to acknowledge the contribution made by the government towards student funding. The government has been responsive to the challenges faced by universities. The critical questions that must be answered urgently are whether the current form of student funding is sustainable in the longer term, and what is and is not possible within the limitations of government resources.

The findings seem to be relevant to the national challenge that the Higher Education Sector is currently faced with. It is therefore evident that government, financial institutions, NSFAS, Universities and other stakeholders require a strong collaborative undertaking that will address the challenges of student funding. It is also evident that government cannot resolve the matter of student funding alone.

The private sector can assist the higher education sector and NSFAS to find a debt-collection mechanism that can be applied to recover the outstanding debts. Partnerships with employers and the South African Revenue Service could fast-track the repayment process from past students who owe universities and NSFAS.

NSFAS will also have to look at incentives that will lure the students to repay their loans faster, i.e. the possibility of interest reversals and a discount on lump sum payments of debts. A culture of students paying back on time needs to be instilled at University level.

The recent public spats between the government and Universities are proof that there is a need for them to engage continuously, behind closed doors, before the issues are taken to the streets by the students. The students are the biggest stakeholders in matters of student funding, and consultative engagement with their elected Student Representative Councils is advisable.

It is also evident that government cannot afford fee-free higher education. The Minister of Higher Education and Training has issued a statement that the country cannot afford a funding model where no students have to pay fees. The students who can afford University must continue to pay [37], and Universities need to find other ways of assisting the students who cannot afford tuition fees.

Although Universities are seen as the recipients of government grants and student funding, it is clear that they must intensify their strategy around third-stream income through donations, investments and entrepreneurial activities. Universities should leverage on their research excellence and partner with corporate companies to commercialize some of their research work. There is a need for fundraising initiatives by Universities, both locally and by approaching international donors. Fundraising initiatives by Universities have recently been in the spotlight; the latest fundraising drive was initiated by the Vice Chancellor of University of Free State when he ambitiously set a target to raise R100 million to assist academically deserving but financially needy students [38]. An opportunity exists for Universities in urban areas to rent out residences for big events in the cities. There are Universities internationally that rent out car-parking spaces on their campuses [39]. This is an opportunity for Universities that are progressive in terms of securing third-stream income. In doing so, the Universities will be able either to freeze tuition fees for a longer term, or be able to provide bursaries for students who are academically deserving and financially needy. Universities should have financial strategies that are able to sustain them when the need arises. It must be noted that the strategies

above might only apply to Universities with developed infrastructures and cannot be a solution for under-developed Universities in rural areas (Historically Disadvantaged Institutions).

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