THE SHORTFALL IN GOVERNMENT FUNDING OF UNIVERSITY FEES AND ITS EFFECTS ON GRADUATION RATES

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DEDICATION

My study is dedicated to my family, my father, the Late Mr Ragaveloo Venketramen Chetty, my mother, Mrs Leno Chetty, my brother, the Late Mr Leslie Chetty, my sister, Shantle Chetty and nephew, Mikyle Gerard Williams for their continues support throughout every step of my educational journey.

ABSTRACT

The Fees Must Fall Campaign, which began in 2015 and continued into 2016 was a campaign in which university students held protests because of high university fees. The National Financial Aid Scheme (NSFAS), which provides students with funding was brought under scrutiny as students were now protesting as they could not afford the high university fees. In 2016, a cohort analysis of NSFAS students, submitted to executive management of the NSFAS uncovered that only 13.1 per cent of NSAFS funded students complete their qualification within the regulation period and 32.2 percent dropped out within 5 years of study (NSFAS Research and Policy, 2016).

The problem identified was whether NSFAS funding was sufficient for a student to attend university and graduate and in what ways could the private sector assist the students who are underfunded. A quantitative approach utilising a questionnaire directed at NSFAS funded students at the University of KwaZulu-Natal was undertaken. The questions were structured to obtain information if the shortfall in funding was affecting their academic performance forcing them to dropout of university. The research indicated there is a short-fall in funding received by NSFAS funded students which is adversely affecting their academic performance. There are ways in which this can be remedied with the implementation of new funding models provided by the government.

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INTRODUCTION OF THE STUDY

1.1. Introduction

The Fees Must Fall Campaign began in 2015 and continued into 2016 in which university students held protests because they were unable to afford the increase in university fees. Universities' fees were increasing more rapidly than the capped amount of funding provided by the National Financial Aid Scheme (NSFAS), a government funded organisation which provides students with funding.

The NSFAS Research Centre conducted a cohort analysis which uncovered that only 13.1 percent of approximately 18 000 students graduated in 2007 who were enrolled in 2005 for a three year programme and this was accompanied by a high dropout rate. (NSFAS Research and Policy, 2016).

A quantitative study was conducted on NSFAS students of the University of KwaZulu-Natal to identify the correlation between the shortfall in government funding provided and its effect on graduation rates. There were new funding implemented and ways to which these models can be adopted will also be discussed to assist the problem in funding which is beneficial to both the public and private sectors. This chapter provides an overview of this study which focused on the current short-fall in funding and graduation rates in universities and ways in which the private sector can contribute to the NSFAS.

1.2. Background

A revolutionary movement started in 2015 by South African students was the #FeesMustFall campaign. This campaign began when universities announced the annual fee increase for the 2016 academic year. Student protests began at the University of Witwatersrand and spread to other universities across the county which forced universities to shut down. The violent protests forced the president of South Africa, Mr Jacob Zuma, to meet with university vice chancellors and student representatives and he thereafter announced there would be no increase in tuition fees in the 2016 year (Klausen, 2015).

These protests revealed that government funding, which was provided by the National Student Financial Aid Scheme (NSFAS), was not sufficient for a student owing to the high increases in student fees by universities. In 2014, 186 150 students were funded with an amount of

funding directed to universities of R6.97bn (NSFAS, 2016). The average annual growth in university fees from 2012 to 2015 was 10.3 percent which was higher than inflation of 5.8 percent and the capped amount provided by the NSFAS of 6 percent (NSFAS Research and Policy, 2016).

The NSFAS also conducted a cohort study in 2016 which indicated that only 13.1 percent of approximately 18 000 NSFAS funded students graduated in 2007 who were enrolled in 2005 for a three year programme. Of this lot of students, 17.1 percent dropped out by 2007, 25.5 percent by 2008 and 32.2 percent by 2010. The Department of Higher Education and Training (DHET) year 2000 cohort of 98 095 students showed the dropout after the first year of study was 31.5 percent, 44.3 percent after five years and 47.1 percent after 10 years (NSFAS Research and Policy, 2016).

1.3. Research problem

It was identified by research conducted by the NSFAS that the annual fee increases by universities were rising at a higher rate than the Consumer Price Index (CPI), inflation rate, of the country (NSFAS Research and Policy, 2016). The NSFAS conducted cohort studies which indicated that there is an increase in the dropout rates of NSFAS funded students (NSFAS Research and Policy, 2016). The research problem identified was whether the shortfall in fees was affecting the graduation rates of these NSFAS funded students. Through research, it was identified that new funding models were being implemented to help fund the shortfall in university fees and this will be adopted in the research to be conducted to assist in solving the problem identified.

1.4. Study aim

Students from previously disadvantaged backgrounds who seek funding through the NSFAS are currently underfunded which had led to unrest on campuses across the country. The study was an investigation into the correlation between the fee increases in university fees and the high dropout rates. The aim of this study was to obtain an understanding of the current financial situation of these funded students and if there was a shortfall in funding received which negatively impacted their academic performance.

1.5. Research objectives

- To determine whether the NSFAS funding allocation is sufficient to support a student through university.

- To obtain an economic insight into individual student's personal financial situation and experiences while enrolled in university.
- To identify the correlation between the possible shortfalls in funding and students dropping out.
- To investigate means in which the private sector can assist in funding students while complying with the Broad-based Black Economic Act of 2003.

1.6. Research questions

- Does the NSFAS allocate sufficient funding to support a student through university?
- Are the day-to day financial needs of a NSFAS funded student attending university covered by the funding received?
- Is there a shortfall in funding of current students which is causing students to drop out of university?
- What are the possible initiatives in which the private sector can assist in the shortfall of funding?

1.7. Significance of the study

The study aimed to identify if there is firstly in government funding received by these students and whether this shortfall is adversely affecting their academic performance which is causing them to not to complete their studies within the prescribed time which increases their chances of dropping out. The correlation between shortfall in fees and dropout rates will be analysed and ways in which this can be reduced will also be outlined in this study. There are new funding models being implemented by government and this will be integrated into this study which will be beneficial to students, the public sector and private sector.

1.8. Literature review

The literature review includes research conducted by the National Student Financial Aid Scheme (NSFAS) which provides direct insight on the scheme. A statistical report compiled by the Department of Higher Education and Training illustrating 2013 enrolments, graduations and NSFAS funded students was also analysed.

The funding of the NSFAS is calculated on the full cost of study which includes tuition, accommodation, books and/or meals. Universities take on a different interpretation of what is included and what is not. The average weighted cost of study is calculated, which is the capped amount (NSFAS Research and Policy, 2016). A study done by Stellenbosch University revealed the maximum amount a student could receive in 1999 was R13 300, increasing to

R47 000 in 2010 and in the 2016 academic year, the amount was R71 800 (de Villiers, et al., 2013). University fees were increasing more rapidly than the NSFAS capped amount since 2008, thus resulting in a shortfall in funding. Although the NSFAS was higher than inflation, according to Table 1.1, the increase was unable to keep up with the increase by the universities.

| | Average FCS for selected years | | | | % average annual growth | | | |
	2003	2008	2012	2015	2003-2008	2008-2012	2012-2015	2003-2015
Average CPI					4.5%	7.0%	5.8%	5.6%
UCT	37 925	47 564	82 428	113 602	5%	15%	11%	10%
UP	30 243	44 387	73 741	99 900	8%	14%	11%	10%
WITS	27 855	49 253	76 541	99 470	12%	12%	9%	11%
RHODES	27 900	43 710	74 700	94 900	9%	14%	8%	11%
UJ	32 600	35 815	67 335	88 749	2%	17%	10%	9%
SU	29 355	41 740	52 859	86 990	7%	6%	18%	9%
DUT	26 462	34 488	63 928	81 170	5%	17%	8%	10%
UKZN	27 945	36 286	57 770	79 491	5%	12%	11%	9%
NWU	30 005	31 394	56 011	76 870	1%	16%	11%	8%
MUT	18 770	28 051	49 846	75 480	8%	15%	15%	12%
UNIVEN	17 398	38 957	56 369	73 263	17%	10%	9%	13%
UFH	18 730	29 584	59 870	71 043	10%	19%	6%	12%
NMMU	32 602	35 550	49 128	71 010	2%	8%	13%	7%
SMU	33 480	no data	54 120	69 553	no data	no data	9%	6%
UL	40 722	39 196	54 120	69 553	-1%	8%	9%	5%
VUT	25 301	32 230	43 333	68 019	5%	8%	16%	9%
UFS	29 131	35 837	47 176	67 769	4%	7%	13%	7%
UWC	30 260	36 143	50 710	67 320	4%	9%	10%	7%
NSFAS Cap	20 000	38 000	56 400	67 200	14%	10%	6%	11%
CUT	24 000	30 558	46 469	61 381	5%	11%	10%	8%
TUT	27 746	27 996	43 114	58 352	0%	11%	11%	6%
WSU	23 475	25 983	43 669	55 718	2%	14%	8%	7%
UZULU	21 840	29 012	40 134	50 536	6%	8%	8%	7%
CPUT	22 860	34 002	37 197	48 831	8%	2%	9%	7%
UNISA	no data	no data	15 813	18 350	no data	no data	5%	no data

Table 1.1. The NSFAS capped amount from the period 2003 to 2015
(NSFAS Research and Policy, 2016)

According to Conerstone Economic Research's Performance and Expenditure Review on the National Student Financial Aid Scheme (NSFAS), 63 613 (or 31 per cent) qualifying applicants could not be funded in 2014 due to insufficient funds (Conerstone Economic Research, 2016). The average loan awarded in that particular year was R32 000, which was below the capped amount of R64 000 (Conerstone Economic Research, 2016). It was also identified that the NSFAS loan award is significantly below the average full cost of study (FCS) at most universities and the average FCS is rising faster than the growth of the NSFAS cap. According to Conerstone's research, at least six universities routinely "top-slice" NSFAS loan awards and divide the funding between all eligible applicants (Conerstone Economic Research, 2016). This indicates that students are underfunded even further.

According to Qukula, (2016) in the 2016 academic year and prior years, the NSFAS provided institutions with funding which the institution awarded to selected students on criteria set-out by the NSFAS, but the ultimate decision was at the discretion of the institution to determine who qualified for funding. On 1st August 2016, the student centred model was implemented for applications for the 2017 academic year in which students would be applying directly to the NSFAS and would be selected accordingly by the scheme and no longer the institution. There were five ways in which this new model would be different from the previous model: a relative means test would be calculate on a household's disposable income which addresses the issue of including the "missing middle", extra academic and psychological support would be provided to address the high dropout rate of poor students from tertiary institutions, funding would be sourced from alternative sources such as the private sector, financial intuitions and NGOs in addition to the government. The model would work with universities and employers to provide incentives for programmes that lead to graduate employment, and beneficiaries would face normal debt repayment processes if they refused to repay their loans (Qukula, 2016).

The Department of Higher Education and Training (DHET) compiled a statistical report for the 2013 year on post-school education and training in South Africa. Information on student enrolment, graduation and certification and institutional staffing levels at these institutions are stipulated in this report. This report is to assist as a resource for planning and budgetary allocation (Department of Higher Education and Training, 2015).

Year	Public HEIs		Public FET Colleges		Total		Percentage change on amount provided
	Number of students	Amount provided R'000	Number of students	Amount provided R'000	Number of students	Amount provided R'000	
2011	173 927	4 561 359 562	114 971	1 116 767 169	288 898	5 678 126 731	55
2012	194 504	5 871 489 880	188 182	1 822 497 265	382 686	7 693 987 145	35.5
2013	194 923	6 729 069 970	220 978	1 953 253 361	415 901	8 682 323 331	12.8

Table 1.2. Statistical report of the DHET of NSFAS students
(Department of Higher Education and Training, 2015)

Institution	Undergraduate Certificates and Diplomas (%)	Undergraduate Degrees (%)	Postgraduate below Master's Level (%)	Master's Degrees (%)	Doctoral Degrees (%)
Cape Peninsula University of Technology	20	35	54	11	16
University of Cape Town	36	21	71	28	14
Central University of Technology, Free State	19	30	68	17	13
Durban University of Technology	21	36	n.a.	15	15
University of Fort Hare	41	19	59	14	8
University of the Free State	16	17	53	24	16
University of Johannesburg	21	22	54	22	11
University of KwaZulu-Natal	49	19	61	17	10
University of Limpopo	59	17	73	19	6
Mangosuthu University of Technology	19	36	n.a.	n.a.	n.a.
Nelson Mandela Metropolitan University	23	23	61	21	16
North West University	28	20	37	27	14
University of Pretoria	60	19	36	22	12
Rhodes University	20	25	80	30	15
University of South Africa	11	7	28	13	11
University of Stellenbosch	43	21	66	27	16
Tshwane University of Technology	19	27	28	12	10
University of Venda	37	13	48	7	2
Vaal University of Technology	16	43	54	28	13
Walter Sisulu University	20	19	34	13	6
University of Western Cape	71	15	52	24	16
University of Witwatersrand	10	19	65	22	14
University of Zululand	37	19	58	9	9
Average percentage	18	15	41	21	13

Based on the statistical report compiled by the DHET, there were 194 923 students in 2013 who were funded by the NSFAS. In the same year the statistical report indicated that on average 15 percent of undergraduate degree students graduated (Department of Higher Education and Training, 2015).

The NSFAS prepared the Working Paper Series 2: A cohort analysis on NSFAS-funded students – A review of existing studies and implications for future cohort studies. This study determined how effectively the funds invested by government were being utilised once students have access to higher education. One of the major concerns of the scheme was that NSFAS students were taking longer than the regulation period to complete their studies. (NSFAS Research and Policy, 2016).

The cohort study tracked students through the higher education system, using student-record datasets captured and maintained by higher education institutions in the Higher Education Management Information System (HEMIS). Databases for the HEMIS have been in existence long enough to generate long-term enrolment unit-level records. Using the ID number as the

unique identifier, the first five years of the study were able to match HEMIS student-level information to the NSFAS student-level information. However, it should be noted that caution needs to be exercised as this cohort was unable to match about 10 per cent of the NSFAS-funded students across datasets because of missing or incorrect ID numbers (NSFAS Research and Policy, 2016).

In the 2005 cohort, approximately 18 000 students received their first NSFAS award, 11 000 students did not receive it in their first year of study but received NSFAS funding in a subsequent year which adds up to a total of 29 000 students who received funding for programmes which began in 2005. This information is shown in the third row in the table below (NSFAS Research and Policy, 2016).

	2007	2008	2009	2010
First-time entering awarded in 2005	13.1	33.5	45.4	51.2
First-time entering not awarded in 2005 but in later year of study	14.2	35.2	49.8	58.1
First-time entering awarded NSFAS in any year, incl. 2005	13.5	34.1	47.0	53.7

Table 1.4. Graduation rates of NSFAS Cohort Study within regulation time (NSFAS Research and Policy, 2016)

Dropped out:

	2007	2008	2009	2010
First-time entering awarded in 2005	17.1	25.5	29.5	32.2
First-time entering not awarded in 2005 but in later year of study	13.0	15.8	18.3	19.9
First-time entering awarded NSFAS in any year, incl. 2005	15.7	22.1	25.6	27.9

Table 1.5. Dropped out rates of NSFAS Cohort Study (NSFAS Research and Policy, 2016)

The above cohort studies conducted by the NSFAS, indicate a large number of students dropping out from Higher Education Institutions. The research was able to uncover if there was a correlation between the NSFAS funding and the drop out of students. The cohort studies above, also indicated that only 13.1 percent of students completed their studies in the stipulated period (NSFAS Research and Policy, 2016). The reason for this was also uncovered in the research to be conducted.

Broad-Based Black Empowerment (B-BBEE) Codes of Good Practice measure the private sector, with turnover exceeding R10 million, all organs of state and public entities. These

entities need to be B-BBEE compliant according to the Broad-Black Black Empowerment Act of 2003 (Act). One of the elements in the score card used for measurement is Skills Development (Department of Trade and Industry, 2013).

The spend on bursaries and scholarships can be used in this element as long as there is no clause which states the Measured Entity can recover any portion of those expenses from the employee or if the grant or scholarship is conditional, unless there is an obligation to complete their studies in a stipulated period or continued employment by the Measured Entity for the period following successful completion of their studies is not more than the period of their studies (Department of Trade and Industry, 2013). These obligations safeguard the employer by ensuring the recipients of these bursaries are performing at their best and not wasting the entity's money.

Another element of the scorecard is Socio-Economic Development. The Act states, socio-economic development contributions of monetary and non-monetary contributions actually are initiated and implemented in favour of beneficiaries by a Measured Entity with the specific objective of facilitating income generating activities for target beneficiaries. The full value of the spend is recognised if at least 75 percent of the value directly benefits black people (Department of Trade and Industry, 2013). This element can also be used as an avenue by the private sector to fund students.

Nxasana (2016), Dr Sizwe Nxasana, NSFAS Board Chairperson, has also used the B-BBEE as a mechanism for the private sector to fund university students. In November 2016, he introduced Ikusasa Student Financial Aid Programme (ISFAP) in which he emphasised that "Everyone has the right – (a) to basic education, including adult basic education; and (b) to further education, which the state, through reasonable measures, must make progressively available and accessible". He proposed the use of the Skills Development contributions in B-BBEE Act for companies to invest in bursaries for students (Nxasana, 2016). Nxasana's objective is to forge a strong and sustainable public private partnership. Nxasana was appointed as the Project Officer and a feasibility study will be conducted in 2017 and the implementation of this ISFAP model will be decided by government based on the feasibility study. The ISFAP model will be piloted at six universities and one TVET college and will fund around 2 000 students (Qonde, 2016).

1.9. Research design

A quantitative approach utilising questionnaires directed at NSFAS funded students was used. The University of KwaZulu-Natal (UKZN) was selected for the research to be undertaken as this university had been affected by the #FeesMustFall campaign since 2015.. The manager of student funding of the university provided the number of NSFAS funded students in the 2017 academic year of 15 894. These students made up the total population of the study. A sample size of 375 from a population of 15 894 was determined using Sekaran's table (Sekaran, 2003).

A list of the NSFAS funded students was obtained from the university's funding department from which the sample of 375 was randomly selected. The contact information of these students was obtained from the funding department and these students were emailed directly requesting them to participate in the survey. The online survey tool, Kwiksurveys, was utilised for the ease of students to answer the questions. There was a link to the survey on the face of the email and the consent form had to be answered before proceeding to the questions.

1.10. Limitations and delimitations

According to Simon, limitations are prospective weaknesses in the study which are beyond control of the researcher such as time, which is a snapshot dependant on conditions during the study period (Simon, 2011). Characteristics which limit the scope and define the boundaries of the study are referred to as delimitations. Delimitations are in the control of the researcher. These include the researcher's choice in the research objectives, the research questions, variables of interest and the population to be investigated (Simon, 2011).

The limitation of this study is that during the period there would be not enough students to take the survey due to the mid-term break or because of examination time. The way in communicating with students was limited by the university as direct contact was not allowed which included direct emailing to avoid students' taking the survey twice. There was no option to restrict the access to only NSFAS students as the notice was addressed to all students of the university and there could be a possibility of non-funded students participating in the survey. A delimitations of the size of the study was that only UKZN was chosen to carry out this research. Students were only chosen to participate in this study, however, it would have been more beneficial to include the NSFAS.

1.11. Chapter outline

Chapter one: Introduction which includes the background of the research problem and study objectives.

Chapter two: Literature review. This includes a literature review on cohort studies conducted by the NFAS and the DHET relating students graduating university and the ways in which the private sector can assist in funding students

Chapter three: The research design and methodology. The chapter details the research methodology undertaken for this study.

Chapter four: Presentation of results. The outcomes of the research methodology selected will be evaluated and presented in the form of narratives.

Chapter five: Conclusion and recommendations. The outcomes of the research with recommendations will be presented.

1.12. Summary

It was identified through the literature reviewed that there is a short-fall in government funding and there was also a high dropout rates of students who receive this funding. The aim of this study was to identify the correlation between the short-fall in government funding and its effect on graduation rates. A quantitative approach was undertaken in which a questionnaire was prepared to be answered by government funded students of the University of KwaZulu-Natal. The questionnaire was designed to answer the main focus of this research of whether the shortfall in funding is negatively affecting these students which they are forced into a position of dropping out of university and not graduating. The next chapter includes a detailed analysis of the available literature relating to the research to be conducted.

Chapter 2

REVIEW OF LITERATURE

2.1. Introduction

This chapter investigates the cohort studies undertaken by different institutions. The main aim of the cohort studies undertaken was to determine the efficiency of the National Student Financial Aid Scheme (NSFAS) and the throughput process of NSFAS-funded students. The studies undertaken also uncovered the graduation and dropout rates of students. The new student centred model introduced in 2017 was also investigated.

It was also identified through these studies that there were students who did not meet the criteria to be funded as they were not poor enough. Although they came from higher income earning households, they were still unable to afford tertiary education, they are also referred to the missing-middle. The Department of Higher Education and Training had found an alternate model to fund these student through the partnership of government and the private sector (Nxasana, 2016). The private sector would also benefit from this model through contributions being allocated towards its Broad-Based Black Economic Empowerment spend.

2.2. The cohort study of students awarded NSFAS loans conducted by University of Stellenbosch

In May 2013, the University of Stellenbosch conducted a cohort study named "The first five year project – a cohort study of students awarded NSFAS loans in the first five years 2000-2004". This study was commissioned by the NSFAS to arrive at a picture to show the problems and successes faced by the NSFAS which included the flow of students through the tertiary education system and graduation rates of students (de Villiers, et al., 2013).

The financing of the South African Higher Education system was analysed. This reflected that South Africa's spend on higher education of 0.68 percent of GDP lagged behind the international average of 0.82 percent of GDP. In 1987, 0.83 percent of GDP was spent on higher education, however, this declined to 0.68 percent in 2009 (de Villiers, et al., 2013). The table below shows the percentage of GDP for the 2007 according to continent/region (de Villiers, et al., 2013).

Continent/region	Number of countries	% of GDP Average
Sub-Saharan Africa	22	0.69
South and West Asia	5	0.72
North America and Western Europe	21	1.05
Latin America and the Caribbean	21	0.81
East Asia and the Pacific	10	0.62
Central and Eastern Europe	15	0.90
Arab States	6	0.85
TOTAL	100	0.82

Table 2.1. Total public expenditure on higher education as a percentage of GDP for 2007 according to continent/region
University of Stellenbosch, (2013)

The low contribution of GDP on higher education, placed added pressure on the university to raise tuition fees. Student funding almost doubled from the period 2001 to 2003, increasing from R669.0 million to R1 337.4 million in 2003 and student debt written off increased from R94.2 million to R190.2 million in 2003 (de Villiers, et al., 2013). This was a clear indicator that students were experiencing financial problems in higher education and this was the very reason why the NSFAS was introduced (de Villiers, et al., 2013).

2.3. The formation of the National Student Financial Aid Scheme (NSFAS)

In 1991, the Tertiary Education Fund of South Africa (TEFSA) was formed by the Independent Development Trust as a non-profit company to provide loans to higher education students. TEFSA was contracted by the Minister of Education to administer the NSFAS. The NSFAS received it first fund allocation in 1995. In 1996, only 70 000 students could be assisted from the 223 000 students who applied for the loan (NSFAS, 2016). This was a clear indication that the current funding was insufficient. In 1999 the NSFAS was formally established by an Act of Parliament (Act no 56 of 1999). In 2000, TEFSA was reconstituted as the NSFAS which was a statutory agency with a board, representing all major stakeholders in higher education in South Africa, appointed by the Minister of Education (NSFAS, 2016).

The functions of the NSFAS as per the Act no. 56 of 1999 is to alloacate funds for loans and bursaries to eligible students; to develop criteria and conditions for the granting of loans and bursaries to eligible students in consultations with the Minister; to raise funds as contemplated in section 14(1); to recover loans; to maintain and analyse a database and undertake research for the better utilisation of financial resources; to advise the Minister on matters relating to

student finacial aid; and to perform other functions assigned to it by this Act by the Minister (The Government Gazette No. 20652, 1999).

A student is required to apply for financial assistance in writing and in order for the the student to be eligible, the following criteria need to be met: be a South African citizen, be accepted as a registered student at a university or technikon (after 2004 at a comprehensive university or university of technology) in South Africa when the award is made, studying towards a first tertiary qualification, studying towards a second qualification provided this qualification will enable the student to practise in a chosen profession, be evaluated to have potential to succeed and to be regarded as financially disadvantaged (de Villiers, et al., 2013).

Higher education institutions set their own criteria to determine whether a student was financially disadvantaged. This is the calculation of gross income with candidates qualifying if their income is below a predetermined maximum. The number of dependants is also taken into account which is the *per capita* income. The marriage status and other dependents studying at higher education institutions are also taken into account. Applicants are required to complete a questionaire and an interview is conducted by a skilled interviewer to determine if the student qualifies for the funding (de Villiers, et al., 2013).

2.4. The NSFAS Research and Policy Working Paper 1 – Reviewing the available research

The NSFAS research indicated that the scheme was currently in the process of transferring the selection process from the higher education instututions to itself. The NSFAS would apply a means test which would identify which student was the most financially deserving. The NSFAS means test also takes into account the value of the expected family contribution (EFC) in addition to ranking of students from most financially deserving to least financially needy. There are inherent challenges regarding the means-testing for financial aid which were revealed by international research. These challenges were determining the inputs to evaluate the ability to afford tertiary education, the determination of student dependency on family and in a South African context, determining the available household income to support the student's studies. The NSFAS would require strong adminstrative systems to validate the outputs and to improve efficiencies. (NSFAS Research and Policy, 2016).

The NSFAS has undertaken research and statistical analysis for the better utilization of funding which is an objective mandated through the NSFAS Act. This research also aids the Minister on matters related to student financial aid. The research focuses on local and global student financial aid. The first publication which is the "Research and Policy Working Paper 1 –

Reviewing the available research" was published on the 24 March 2016. The research includes work undertaken by the various agencies, think tanks and universities. Research was focused on the elements of the NSFAS mandate, its place within the training and post–school sector and the stakeholders affected. This research reflects on the on the operations of the NSFAS which includes its policies, practices and processes and, over time, the impact of the scheme. As a result of this research gaps were identified which were brought to the attention of the Board and NSFAS executive management. The research was focused on six broad themes: the supply and demand of student financial aid within a fiscally constrained, high cost post-school education and training sector, funding the right student, funding the right amount, loan recoverability and sustainability, the performance of the NSFAS-funded students over time and operational (NSFAS Research and Policy, 2016)

NSFAS reseach also revealed that universities practised top-slicing, which is a distributive mechanisim in which the allocation made to the university is disbursed across qualifying students with all qualifying students receiving an amount lower than the NSFAS means test. The elimination of the practice of top-slicing will enable students to receive their full allocation and full cost of study at that institution and within the NSFAS capped amount (NSFAS Research and Policy, 2016).

NSFAS provides loans to students which need to be repaid in order fund future students. Conerstone illustrated the percentage of debtors repaying their loans decreased from 35 percent in 2011 to 12 percent in 2014 (Conerstone Economic Research, 2016). In 2007 the NSFAS removed all blacklisted debtors listed with credit bureaus. From 2008 to 2011, section 23 of the NSFAS Act allowed the NSFAS to compel the employers of debtors to deduct the repayments. This was discontinued due to criticism by the Review Committee and a legal opinion on the issue. In August 2011, the Minister of Higher Education instructed the NSFAS to discontinue all blacklisting of NSFAS borrowers (Conerstone Economic Research, 2016). With the threat of being blacklisted being removed, students would not have the drive to perform well and have their loans converted to bursaries. Students would be willing to drop out of university and seek employment with lower remuneration, as compared with when equipped with a qualification, as they could still continue with their working career without any repercussions of not repaying the NSFAS loan.

2.5. The New Student-Centred Model for NSFAS loans and bursaries

According to Qukula,(2016) in the 2016 academic year and prior years, the NSFAS provided institutions with funding which the institution gave to selected students on criteria set-out by the NSFAS, but the ultimate decision was at the discretion of the institution to determine who qualified for funding. On 1st August 2016, the student centred model was implemented for applications for the 2017 academic year. Students would be applying directly to the NSFAS and would be selected accordingly by the scheme and no longer by the institution. There are five ways in which this new model was different from the previous model: a relative means test would calculate a household's disposable income which addresses the issue of including the "missing middle", extra academic and psychological support would be provided to address the high dropout rate of poor students from tertiary institutions, funding would be sourced from alternative sources such as the private sector, financial intuitions and NGOs in addition to the government. The model would work with universities and employers to provide incentives for programmes that lead to graduate employment, and beneficiaries would face normal debt repayment processes if they refused to repay their loans (Qukula, 2016).

Parliament was also in favour of the new student centred model, reflected in a press release by the Portfolio Committee on Higher Education and Training. Ms Connie September, the chairperson of the Committee, said the student-centred model promised much potential and that the NSFAS should just perfect it and curb any challenges relating to applications. The NSFAS also informed the committee that that there were 380 000 new applicants registered on the NSFAS website (Maputi, 2017).

In 2014, the first group of universities implemented the new system: these were; Durban University of Technology, Nelson Mandela Metropolitan University, Sol Plaatjie University, University of Cape Town, University of Mpumalanga, University of South Africa and University of Venda. The tuition fee and residence fees were paid directly to the university while accommodation, food, books and transport was paid directly to students by the NSFAS (Naicker & Merwe, 2014). The NSFAS indicated in its 2015/2016 Annual Report that the model was piloted in 2014, evaluated in 2015, and was progressing into full implementation after being informed by the lessons learned during the pilot phase (NSFAS, 2016).

2.6. The Department of Higher Education and Training (DHET) Statistical Report

The Department of Higher Education and Training (DHET) compiled a statistical report for the 2013 year on Post-School Education and Training (PSET) in South Africa. The statistical report shows the number of enrolments, graduations and certifications in PSET institutions for the 2013 year. According to the DHET, 416 000 students received funding from the NSFAS in the 2013 academic year (Department of Higher Education and Training, 2015). There was a significant increase from the 2011 year when only 289 000 students received funding. Of the 416 000 students, 195 000 students were from Higher Education Institutions (HEI) while the rest of the students were from Further Education and Training (FET) intuitions (Department of Higher Education and Training, 2015). The NSFAS allotted almost R8.7 billion in loans or bursaries in the 2013 academic year which was 12.8 percent higher than the prior year (Department of Higher Education and Training, 2015). The table below reflects the number of students funded and the NSFAS amount funded. This information was made available from the NSFAS annual reports (Department of Higher Education and Training, 2015).

| Year | Public HEIs | | Public FET Colleges | | Total | | Percentage change on amount provided |
	Number of students	Amount provided R'000	Number of students	Amount provided R'000	Number of students	Amount provided R'000	
2011	173 927	4 561 359 562	114 971	1 116 767 169	288 898	5 678 126 731	55
2012	194 504	5 871 489 880	188 182	1 822 497 265	382 686	7 693 987 145	35.5
2013	194 923	6 729 069 970	220 978	1 953 253 361	415 901	8 682 323 331	12.8

Table 2.2. Statistical report of the DHET of NSFAS students
(Department of Higher Education and Training, 2015)

According to the DHET benchmarks set in the National Plan for Higher Education were set on the basis that at least 75 percent of any cohort of students entering a programme should complete their degrees or diplomas (Department of Higher Education and Training, 2015). Graduation rates were calculated based on the number of students who graduated in a particular year, irrespective of their year of study, divided by the total number of students enrolled in universities in that particular year. In 2013, the total number of graduates was 180 823 divided by the total number of enrolments of 983 698: this resulted in a graduation rate of 18.4 percent (Department of Higher Education and Training, 2015). This calculation is in accordance with Section 2.3: Benchmarks for graduation rates in the National Plan for Higher Education (Department of Higher Education and Training, 2015). Refer to table below reflecting the 2013 academic year graduation rates:

Table 2.3 Summaries of graduation rates in public HEIs, by qualification type and institution, in 2013.

Institution	Certificates and Diplomas (%)	Degrees (%)	Master's Level (%)	Degrees (%)	Degrees (%)
Cape Peninsula University of Technology	20	35	54	11	16
University of Cape Town	36	21	71	28	14
Central University of Technology, Free State	19	30	68	17	13
Durban University of Technology	21	36	n.a.	15	15
University of Fort Hare	41	19	59	14	8
University of the Free State	16	17	53	24	16
University of Johannesburg	21	22	54	22	11
University of KwaZulu-Natal	49	19	61	17	10
University of Limpopo	59	17	73	19	6
Mangosuthu University of Technology	19	36	n.a.	n.a.	n.a.
Nelson Mandela Metropolitan University	23	23	61	21	16
North West University	28	20	37	27	14
University of Pretoria	60	19	36	22	12
Rhodes University	20	25	80	30	15
University of South Africa	11	7	28	13	11
University of Stellenbosch	43	21	66	27	16
Tshwane University of Technology	19	27	28	12	10
University of Venda	37	13	48	7	2
Vaal University of Technology	16	43	54	28	13
Walter Sisulu University	20	19	34	13	6
University of Western Cape	71	15	52	24	16
University of Witwatersrand	10	19	65	22	14
University of Zululand	37	19	58	9	9
Average percentage	18	15	41	21	13

Table 2.3. Statistical report on graduation rates compiled by the DHET
(Department of Higher Education and Training, 2015)

2.7. NSFAS Working Paper Series 2: A Cohort Analysis on the NSFAS-Funded Students

In March 2016, the NSFAS published the second working paper which included a cohort analysis of NSFAS students. The main aim of this cohort analysis was to determine how effectively the funds invested by the government were being utilised by the students once they had access to higher education. According to the NSFAS the most efficient use of funds would be to minimise the number of drop-outs and fund students that graduated within the regulation time (NSFAS Research and Policy, 2016).

The NSFAS included four cohort studies in its analysis. The first cohort study was the NSFAS-commissioned cohort study undertaken in 2010 and 2011, commonly known as the "First Five

Years study" (also referred to as the Stellenbosch study). The second cohort study was the analysis undertaken as part of the National Treasury-commissioned Performance and Expenditure Review (PER) of the NSFAS in 2015. The third study was four successive cohort analyses undertaken by the Council of Higher Education (CHE) as part of its VitalStats series and the fourth study was undertaken by the DHET as part of the preparation for the October 2015 summit (NSFAS Research and Policy, 2016).

The first five years cohort tracked students through the higher education system using student unit-record datasets captured and maintained by higher education institutions in the Higher Education Management Information System (HEMIS). The PER cohort study recognised that a subset of the student population had characteristics that may differ from the aggregate student population. It was identified that differences such as economic background, parent education level, and schooling may have profound effects on downstream decisions such as choice of university, qualification and field of study. The PER cohort also used the HEMIS to extract data. The CHE cohort does not differentiate between students funded by the NSFAS and those not funded by the NSFAS. The CHE analysis provides details on throughput rates in terms of students who have graduated and dropped-out. The DHET cohort uses data from its own HEMIS which is audited annually and this contributes to the validity of the data. There is student level unit information on elements such as pass rates, success rates, retention of first time entering students, throughput/completion rates, growth rates in graduation versus enrolments, graduation rates and the average time to complete. The DHET also has a set of calculation tools for each of these elements which are used as industry standards (NSFAS Research and Policy, 2016).

The DHET was able to provide graduation rates within regulation time. This was for the 2005 cohort for students for graduate in 2007. Refer to table below:

	2007	2008	2009	2010
First-time entering awarded in 2015	13.1	33.5	45.4	51.2
First-time entering not awarded in 2015 but in later year of study	14.2	35.2	49.8	58.1
First-time entering awarded NSFAS in any year, incl. 2005	13.5	34.1	47.0	53.7

Table 2.4. Graduation rates of NSFAS Cohort Study within regulation time
(NSFAS Research and Policy, 2016)

	2007	**2008**	**2009**	**2010**
First-time entering awarded in 2015	17.1	25.5	29.5	32.2
First-time entering not awarded in 2015 but in later year of study	13.0	15.8	18.3	19.9
First-time entering awarded NSFAS in any year, incl. 2005	15.7	22.1	25.6	27.9

Table 2.5. Dropped out rates of NSFAS Cohort Study
(NSFAS Research and Policy, 2016)

According to Table 2.5 above, the drop-out rate was lower for students who had not received funding in the first year. This indicates a higher risk for the funding of first year students and this risk decreases the longer the student remains in university. Through the review of papers, the NSFAS found evidence which provided conflicting views on the drop-out rates of NSFAS and non-NSFAS funded students (NSFAS Research and Policy, 2016). Various studies revealed that 30 percent to 40 percent of students drop-out within their first two years of study and approximately 53 percent of students don not graduate (NSFAS Research and Policy, 2016). The NSFAS Ministerial Review reported that 33 percent of funded students were still studying and 67 percent were no longer at university although only 28 percent of 67 percent had graduated and the remaining students had dropped out (NSFAS Research and Policy, 2016). The Stellenbosch University study revealed that 55% of 2000 cohort obtained their qualification within nine years (de Villiers, et al., 2013). On the same study it was identified that after four years (2003), 29 percent were still studying, 34 percent had qualified and 37 percent had dropped out (de Villiers, et al., 2013). The DHET study showed that for the 2000 cohort, the same study as Stellenbosch University, after one year of study 31.5 percent had dropped out, 44.3 percent after five years and 47.1 percent after ten years (NSFAS Research and Policy, 2016). The First Five Year study also concluded that non-NSFAS funded students had a higher drop-out rate of 46 percent, 6 percent still studying and 48 percent graduating (NSFAS Research and Policy, 2016). This illustrated that NSFAS funded students understood the bursary incentive which would reduce their loans (NSFAS Research and Policy, 2016).

2.8. PwC: Funding of higher education institutions in South Africa

According to the report published by PwC in 2015, government contributions on university education declined from 49 percent at the beginning of the century to 40 percent by 2012. Students 'burden increased from 24 percent to 31 percent during the same period (PwC, 2015). This illustration supports the problem identified which there is a shortfall in funding provided by the government in South Africa to university students.

PwC also identified that during the short period between 2010 to 2012 tuition fees at 23 public universities in South Africa increased from R12.2 billion to R15.5 billion while enrolments increased by 7 percent during this period. At the same time, student debt rose from R2.6 billion to R3.4 billion which is an increase of 31 percent over two years (PwC, 2015). This is another factor to support the fact that students are being financially burdened by the lack in funding received from the government and there is an increasing decline over the recent years.

PwC also compared South Africa's funding model to international models. In Germany, education was a 'public good' before 2006. In 2006, the German Constitutional Court ruled that tuition fees did not conflict with Germany's commitment to universal education and as a result tuition fees were introduced. After exploring tuition fees for almost a decade, public universities in Germany have now abolished tuition fees for undergraduate students in all 16 states. Higher education in Germany is therefore free again with 84 percent of funding provided by government (PwC, 2015).

The United Kingdom introduced tuition fees for the first time in 1998, with the upper cap of £1 000.This cap increased to £3 000 in 2004 and in 2010 the cap on tuition fess were removed, which enabled universities to charge students up to £9 000 annually. In the UK, the state contributes 30 percent of the cost of higher education (PwC, 2015).

In the US, which has one of the most expensive higher education systems in the world, the state contributes 34 percent to the cost of higher education. State funding for public universities decreased significantly over the last decade, which resulted in an increased reliance on tutition fees as a source of revenue. This also resulted in student debt in the US exceeding $1 trillion for the first time in 2014, which is bigger than the nation's credit card debt of $0.7 trillion (PwC, 2015).

PwC identified first world countries, United Kingdom and the United States which also have a problem in government funding on university fees. There was, however, Germany, who provides free education. The problem of the shortfall in funding of university fees in South Africa is not limited to a developing country as one would assume based on the current economic affairs associated with a developing country. The UK and US are leading nations of the world, and for these countries to be associated with this problem, we must not merely accept that this is a global problem but find ways in which South Africa, based on its current economic situation can counter act the repercussions. South Africa enforces the Broad-based Black

Economic Act (B-BBEE) to be utilised by enterprises. This Act can be used as a mechanism to for an alternative method of funding to university students.

2.9. An analysis of the #FeesMustFall Movement at South African universities

The Centre for the Study of Violence and Reconciliation conducted research on the #FeesMustFall campaign. Student-led protests gained momentum in 2015/16 and spread across the country. The #FeesMustFall movement sparked heated debates on fee increases in universities. Other demands by students included the decolonisation of the educational system, transformation of universities to address racial and gender inequalities in terms of staff composition, as well as insourcing of general workers. The protests generally started peacefully within various universities, supported by academics and other concerned stakeholders. The message was clear that the costs of higher education were too high and unaffordable for the majority of poor black students. The #FeesMustFall movement was widely supported but things changed, especially when protests started turning violent (Ndelu, et al., 2016).

The #FeesMustFall movement was lauded for its achievement in raising awareness about the funding crisis in higher education in South Africa. This is a long-standing problem that universities have been battling for years but the #FeesMustFall movement brought the crisis to public attention within a period of two to three weeks. The movement achieved a number of positive things at various universities, including the renaming of university buildings, curriculum transformation and the insourcing of general workers. The state has also been pushed to explore other options and models to fund higher education, although the progress has been slow so far (Ndelu, et al., 2016).

However, it is also important to reflect on the darker side of the #FeesMustFall movement, including the domination of male students within the movement, rape incidents, the exclusion of gender nonconforming activists, and the party-political power dynamics and battles for leadership positions within the movement. These observations suggest that the movement was not homogeneous and was characterised by tensions and contradictions. Some of these tensions led to the emergence of splinter groups, and to divisions and ruptures within the movement which made it difficult for all those involved to speak with one voice (Ndelu, et al., 2016).

These protests were fuelled by the anger of university students as their right constitutional right to education was becoming unaffordable. These protests caught the attention of international media and forced the Government of South Africa to relook at the funding allocated to deserving students who are unable to afford to go to higher educational institutions. South

Africa is a democratic country which is on the road to transformation. These students from previously disadvantaged backgrounds see this disadvantage of not affording higher education as a step back to the apartheid regime.

2.10. Ikusasa Student Financial Aid Programme (ISFAP)

According to Qonde, (2016) the Director-General of the DHET, the unfortunate reality of South Africa's higher education and training institutions is that they are unaffordable to many students from disadvantaged backgrounds and middle-income households with large debt. There are high levels of competition for bursaries and scholarships and not all students can be fully supported by this method. Financial institution funding is also not available to families who do not meet the affordability criteria and even if they do, students and families end up being burdened with large debt. A ministerial task team was set-up in 2016 to fast-track the development of an efficient and sustainable model to address the funding challenge of South African students in universities and TVET colleges which culminated in the proposal of the Ikusasa Student Financial Aid Programme (ISFAP) (Qonde, 2016).

According to Qonde, ISFAP is designed to assist students from poor and middle-income families, commonly referred to as the "missing-middle", to gain access to universities and TVET colleges and to succeed by providing full financial and other forms of support. The upfront financial support would be in the form of bursaries and loans and this would be funded through the combination of government and private-sector funding. The department's career development services were designed to provide support and advice relating to choice of qualification and institution. The department was also simultaneously investing in universities to develop its systems to track students through analytics and provide advisory and other support services to increase the students' chances for success. The ISFAP scheme would be designed to be integrated into these systems to ensure the student was fully supported to make inform decisions (Qonde, 2016).

The ISFAP is a hybrid-funding model structured in the form of mixed grants, loans and family contributions. Based on the unique means test matrix, students from very poor backgrounds would receive fully-subsidised funding, while students from middle-income households would received funding split between loan, grant and family contribution, with the grant portion falling in the first and second year of their studies which was the greater portion. In 2017, the ISFAP model would be piloted at six universities and one TVET college. Qonde's view was

that ISFAP would contribute to the employment prospects of graduates and increase the number of professionals which South Africa desperately needs (Qonde, 2016).

2.11. Broad-Based Black Economic Empowerment (B-BBEE)

According to the Broad-Based Black Empowerment Act of 2003 (B-BBEE Act), the private sector, with turnover exceeding R10 million, all organs of state and public entities are measured using the Codes of Good Practice. These entities need to be B-BBEE compliant according to the B-BBEE Act. One of the elements in the score card used for measurement is skills development (Department of Trade and Industry, 2013).

The spend on bursaries and scholarships can be used in this element as long as there is no clause which states the Measured Entity can recover any portion of those expenses from the employee or if the grant or scholarship is conditional, unless there is an obligation to complete their studies in a stipulated period or continued employment by the Measured Entity for the period following successful completion of their studies is not more than the period of their studies (Department of Trade and Industry, 2013). These obligations safeguard the employer by ensuring the recipients of these bursaries are performing at their best and not wasting the entity's money.

Nxasana in November 2016 introduced the ISFAP model at the Actuarial Society Convention and proposed the use of the B-BBEE Act to actively use the Skills Development Expenditure, which is 6 percent of compliance target, of companies to invest in bursaries for students. The B-BBEE Commissioner in the DTI has recommended that a maximum of 25 percent of the 6 percent compliance target could be used by private institutions by donating funds to the ISFAP (Nxasana, 2016).

Another element of the scorecard is Socio-Economic Development. The Act states, socio-economic development monetary and non-monetary contributions are actually initiated and implemented in favour of beneficiaries by a Measured Entity with the specific objective of facilitating income generating activities for target beneficiaries. The full value of the spend is recognised if at least 75 percent of the value directly benefits black people (Department of Trade and Industry, 2013). This element can also be used as an avenue by the private sector to fund students.

2.12. Summary

The literature reviewed indicates that there was a current short-fall in government funding provided to university students. It was also identified through the research conducted there were new models being implemented by the NSFAS to address this problem. The next chapter includes the research methodology which was applied in this study to meet the research objectives.

Chapter 3

RESEARCH METHODOLOGY

3.1. Introduction

In this chapter the research methodology applied in this study to answer the research question will be outlined. The various elements which define the methodology, which includes the research approach, administration of the research tool and data analysis will be discussed in this chapter. A quantitative approach was undertaken which was in the form of a questionnaire for the registered NSFAS funded students of the University of KwaZulu-Natal to answer. The process of analysing the data received from these students will also be discussed in this chapter.

3.2. Research philosophy

Research philosophy relates to developing new knowledge because when you conduct research there is developing of knowledge in a particular field. Even though it is a modest ambition to answering a specific problem and not as dramatic as new a theory, it still contributes to developing knowledge (Saunders, et al., 2009) The philosophy chosen contains assumptions which will be used to develop the research strategy and methods (Saunders, et al., 2009). A positivist approach is when a researcher will probably adopt the philosophical stance of a natural scientist with a preference to working with an observable social reality and that the end product will be law like generalisations similar to those produced by physical or natural scientists (Saunders, et al., 2009).

The social reality in this study was the financial impact on the individual NSFAS funded students. Through the outcome of this study there were generalisations linked to the research question as to whether there was a correlation between the short-fall on government funding and the graduation rates of these students.

A cross-sectional study was undertaken. A cross-sectional study is also known as a "snapshot" taken at a particular time. A "diary" perspective is called longitudinal which includes a series of snapshots and be a representation of events over a given period (Saunders, et al., 2009).

The research undertaken involved one questionnaire being sent out to students in the 2017 academic year. There were no subsequent questionnaires sent out to evaluate the progress over the years of study of these student receiving funding. Since there was one questionnaire being sent out at a specific point in time, this this a cross-sectional study.

3.3 Research approach

A quantitative research approach was carried out. Creswell illustrates the theory in quantitative research as a set of variables which is interrelated, from which hypotheses are formed that identify the relationship among variables (Cresswell, 2014).

According to Sekaran a deduction is when you arrive at a reasoned conclusion through the process of logical generalisation of a known fact (Sekaran, 2003). A quantitative approach was carried out in which the sampling tool to be used was a questionnaire. A random sampling technique was used to select NSFAS funded students who were currently registered at UKZN. Therefore the population of this study was all students that were funded by NSFAS in UKZN.

A deductive approach was used to analyse the data obtained from the responses on the questionnaire. According to Sekaran, deduction is the process of logical generalisation of the known fact (Sekaran, 2003). The known fact in this study identified through the review of available literature was that there was a short-fall in government funding provided to university students. Through the data gathered, an analysis was conducted to deduce if this short-fall was adversely affecting university students' academic performance causing them to drop out.

3.4. Sampling strategy

As per Saunders, et al probability sampling also known as representative sampling is regularly associated with survey-based research strategies. There are four stages included in probability sampling. The first stage is to identify a suitable sampling frame based in the research questions or objectives. The second stage is to decide on an appropriate sample size. The third stage is to select the most appropriate sampling technique and select the sample. The final stage is to check that the sample is representative of the population (Saunders, et al., 2009).

A probability sampling method was used, where all NSFAS funded student had a chance to participate in this study. Students were contacted via the university's LAN notice system to complete the questionnaire. Consent was granted by the university to utilise the LAN notice system. A sample is a subset of the population. The manager of student funding, Mr Michael Davids, provided the number of NSFAS funded students in the 2017 academic year which was 15 894. This study sample size was selected using the Sekaran's table, which showed that a sample size of 375 was an acceptable representation of all students funded by NSFAS. The first 375 NSFAS students to reply formed part of the sample. The response rate of this study was 79 percent. Owing to research limitations, there were no alternate methods which could be used to obtain a 100% response rate. The research limitations were that NSFAS students were

not available to conduct the survey due to the mid-term break and examinations; the longer the notice was placed on the LAN notice system, the greater the chance that there could be students who could have answered the survey more than once and non-NSFAS funded students could have also taken the survey thus affecting the results as there were no restriction on to the survey which allowed all students to respond and more than once. There was no key identifier, for example a student number added to identify repeat responses and non-NSFAS funded students.

3.5. Data collection

A mono method is a single data collection technique and corresponding analysis procedure or procedures (Saunders, et al., 2009). The data collection tool used in this study was a questionnaire. As per Sekaran a questionnaire is a preformulated written set of questions to which respondents choose their answers from closely defined alternatives (Sekaran, 2003).

The data collection tool that was deemed fit for this study considering the nature of the study and number of students funded was a questionnaire. The research objectives were studied, with the available literature to identify gaps in the existing research conducted. The questions were compiled with the objective to answer to the research questions and to identify possible correlations between the short-fall in funding and its possible adverse effect on academic performance of these university students. The questions were also structured to measure the severity of the problem of the short-fall in government funding and ways in which it impacted these students.

The questionnaire was generated using Kwiksurveys, an online tool for conducting surveys which generated data gathered in an electronic format, which is Microsoft Excel. This enables the user to analyse the data with ease and generate graphs for presentation of results. The online data tool was pretested before being launched live to ensure the data was accurate and complete.

The link to the survey on Kwiksurveys was placed on a notice on the UKZN LAN notice system which was directed only at university students. Students were able to click on the link and be directed to the Kwiksurvey website to answer the questionnaire.

3.6. Data analysis

According to Sekaran, after the data is collected from the representative sample of the population, the step that follows is to analyse the outcomes to test the research hypotheses. Sekaran also suggests that Excel is one of the programs routinely used for data analysis (Sekaran, 2003).

The survey was launched on 4 October 2017 and was available to students for three consecutive weeks: owing to the aforementioned limitations under the sampling strategy, the survey could not made available to students for a longer period. The data was exported into the Microsoft Excel format from the Kwiksurveys website. The survey was structured in a way which if you did not consent, you did not continue with the survey and if you were not an NSFAS funded student, the survey also ended at that question. The questionnaire was a set of predetermined answers and these could not be developed or adopted by the students answering the survey. This eased the process of the analysis by eliminating feedback that was irrelevant to this study. Each question was thereafter analysed for feedback received, which was grouped by the responses. Pie graphs for each question were generated using Microsoft Excel. The next step was to identify the relationships between the different questions: for example, the year of study and whether they resided on campus as this was a major factor on the funding provided and the efficiency of the administration process. The results were used to address the gaps this study is intended to fill which was the objective of the study.

3.6. Study location

The University of KwaZulu-Natal was selected to conduct the research. This university was selected because of the geographical location of the researcher, and this was a university that was affected by the student protests owing to the increase in university fees. Due to the corporate field of the researcher, any initiatives which the private sector can assist these students can put forth to these corporate institutions.

3.7. Reliability

Reliability is the extent to which the data collection technique will yield consistent findings, would similar observations be made or conclusions reached by other researchers or is there transparency in how sense was made from the raw data (Saunders, et al., 2009). The data was generated from the Kwiksurvey website. All responses were included as relevant to the research as the survey eliminated participants who did not consent and non-NSFAS funded students. The outcome was thereafter analysed which resulted in consistent findings as this was assessed against cohort studies conducted by the NSFAS to ensure these were in line with past observations.

3.8. Validity

Validity is the extent to which the data collection methods accurately measures what they intend to measure (Saunders, et al., 2009). The questionnaire included questions and statements

directed to NSFAS funded students: it was structured to test whether there was a short-fall in funding being received by NSFAS funded students and to identify if there was a correlation between the short-fall and dropout rates of students, The findings would be relevant to reaching the research objective.

3.11. Research limitations

There was no guarantee that students were in fact funded by the NSFAS who participated in the survey due to the fact that the survey was available to all students on the UKZN LAN Notice System. There were no alternative methods approved by the university to contact students which could have avoided this from occurring. This Students' responses may be biased in an attempt to sway research outcomes. News and media reports on the NSFAS may alter the responses of students based on various perceptions and not be a true reflection of their current situation.

3.12. Conclusion

This chapter set out the research approach to be undertaken which is quantitative in nature. A deductive approach was used when the data were analysed. The sampling tool was a questionnaire structured to identify key variables and correlations which would aid in meeting the research objectives. The next chapter will analyse the data obtained using the chosen methodology.

Chapter 4

PRESENTATION AND DISCUSSION OF RESULTS

4.1. Introduction

This chapter will include the implementation of the deductive approach in data analysis. The respondents' feedback from the questionnaire was extracted from the online database and analysed using Microsoft Excel. Findings will be presented in the form of graphs and key variables will be analysed to deduce correlations. The results will be compared to the literature reviewed which will assist in answering the research question.

4.2. The response rate

The survey was placed via a notice titled "SURVEY: NSFAS FUNDED STUDENTS" on the UKZN LAN notice system from the 04 October 2017 to 22 October 2017. The notice was only to students of the university thus eliminating staff from taking the survey. A total of 1 162 students viewed the notice with a total of 312 clicking on the link to the survey placed on Kwiksurveys. A total of 294 students answered Yes to the first question which was consent to take the survey. Of the 296 students, two did not consent, which resulted in a response rate of 79 percent.

The second question was whether the student was funded by the NSFAS. A total of 226 of 228 students answered Yes to this question. A total of 22 percent of non-funded students were interested in taking this survey although this survey was directed to NSFAS funded students. When a student answered No to Question two, the survey stopped at the point. Funded students were able to move onto the next question. By the survey ending for non-funded students this ensured the feedback was more reliable as it was from a funded student which was relevant to meet the research objective.

4.3. Results

In this section the results from the questionnaire are analysed. The data analysis tool used was Microsoft Excel. All irrelevant data such as the students who did not consent and who were not NSFAS students were excluded to ensure reliability of the results to be presented. The answers for each question were grouped into percentages, and graphs were generated to present the results to meet the research objective.

As per Figure 4.1, the information relating to year of study was spread across all years of study with the majority of students, 25 percent, being in their third year of study.
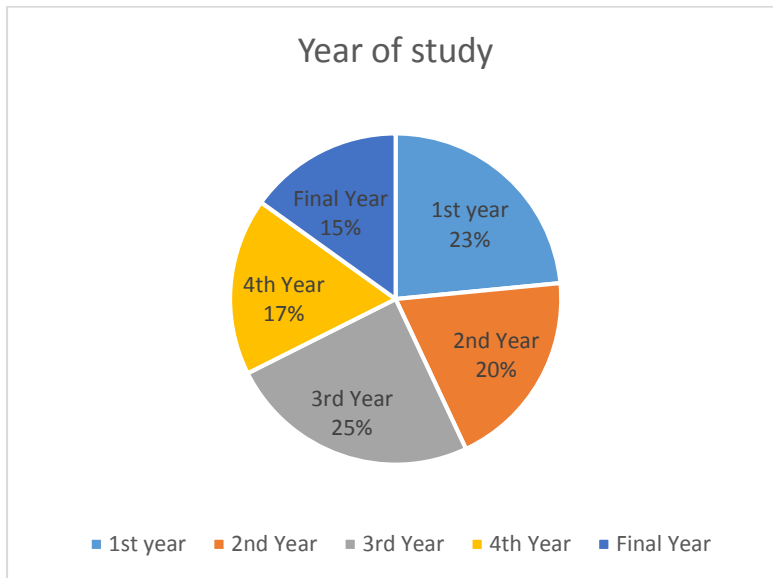
Figure 4.1. Year of study

As per Figure 4.2 there were 47 percent of students who answered yes to the question if they resided on campus. This means that these students needed to be covered for university fees, study aids, accommodation, meals and transport. They were best suited to provide information regarding financial sustainability provided by NSFAS while attending university.
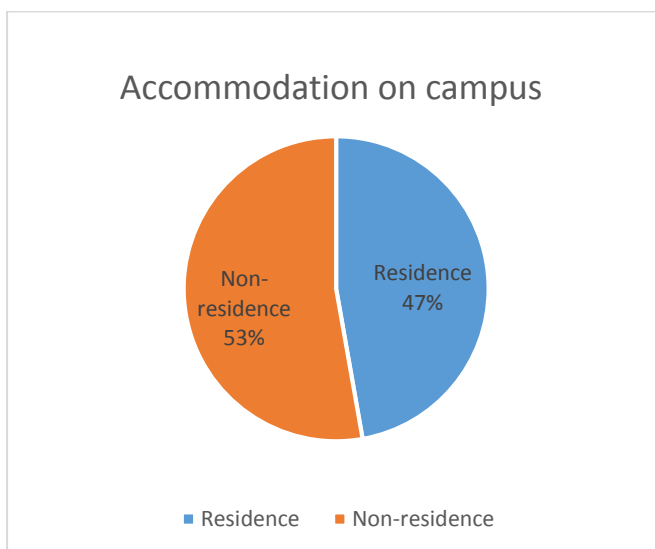

Figure 4.2. Accommodation on campus

4.3.1. The NSFAS Application Process

Students were asked to rate the efficiency of the application process. As per Figure 4.3 below, the highest feedback was 47 percent who had selected average. Fourteen percent selected the

highest rating which was excellent. It should be noted that the 44 percent who selected excellent were first years. There were 10 percent of students who rated the process as very poor. Of the 18 students who had selected very poor, 56 percent were in their fourth year or final year and 6 percent were first year students. This illustrates that there was improvement in the application process if the highest number of students were first years were rating the process as excellent.
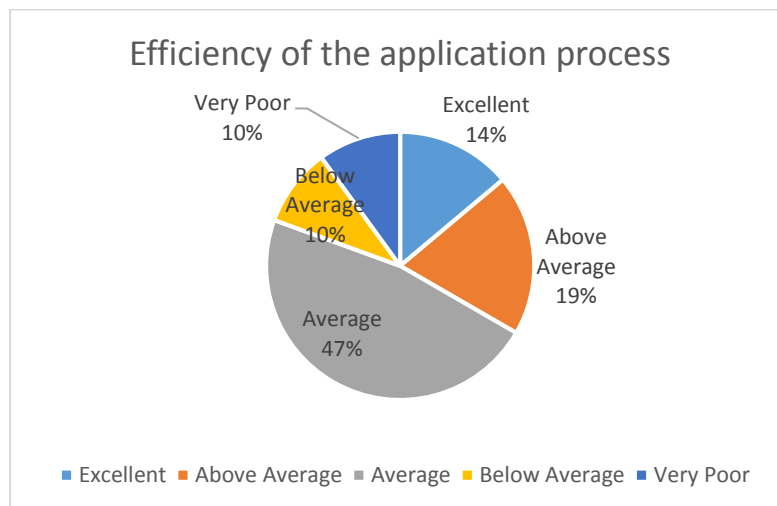
Figure 4.3. Efficiency of the application process

The response rate for the NSFAS application process was also analysed. With reference to Figure 4.4 below, the highest rating was 37 percent which was Average. When compared to the efficiency rating the rating dropped from 14 percent to 12 percent and the lowest rating being Very poor increased from 10 percent to 14 percent. This was in an indication that the response rating amongst the students dropped. This can be attributed to the fact that students anticipate quicker responses due to the need for confirmation for qualifying for funding as this impacts their future.
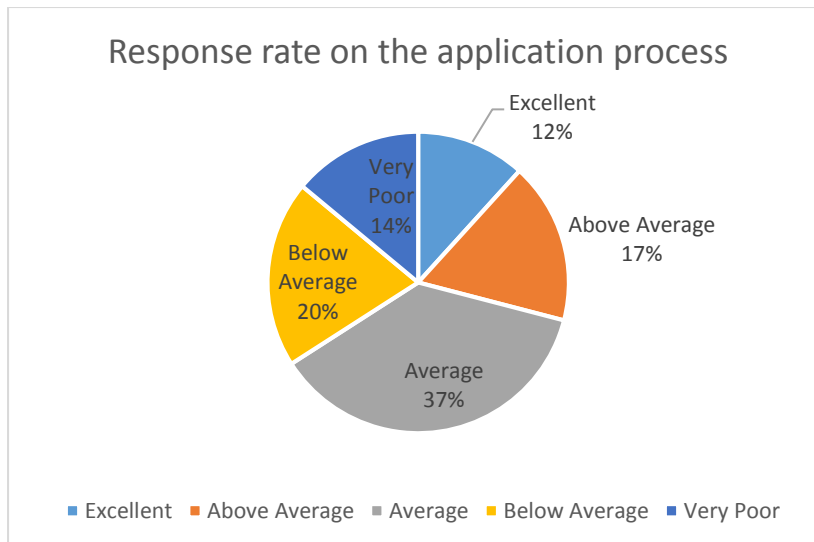
Figure 4.4. Response rate on the application process

4.3.2. NSFAS Loan Terms

As per Figure 4.5, only 30 percent were extremely aware of what the NSFAS covers. Of these students who were extremely aware of what the NSFAS covers, 42 percent students were in their fourth and final years of study and 56 percent of these students resided on campus. This illustrates that due their greater funding needs, these students have become fully aware of what the NSFAS loan covers. It was also identified that 73 percent of students were extremely or very aware of what of what the NSFAS covers and of these students the highest score was 43 percent of students who were very aware and these were evenly spread across all the students in the varying years of study: first year, 24 percent; second year, 20 percent; third year, 29 percent; fourth year, 16 percent and in their final year, 10 percent. There were two percent students who were unaware of what the NSFAS covers, and half of these students were in their final year of study and this is an indication that although funding was provided to these students, they were not made fully aware of what the funding covers.
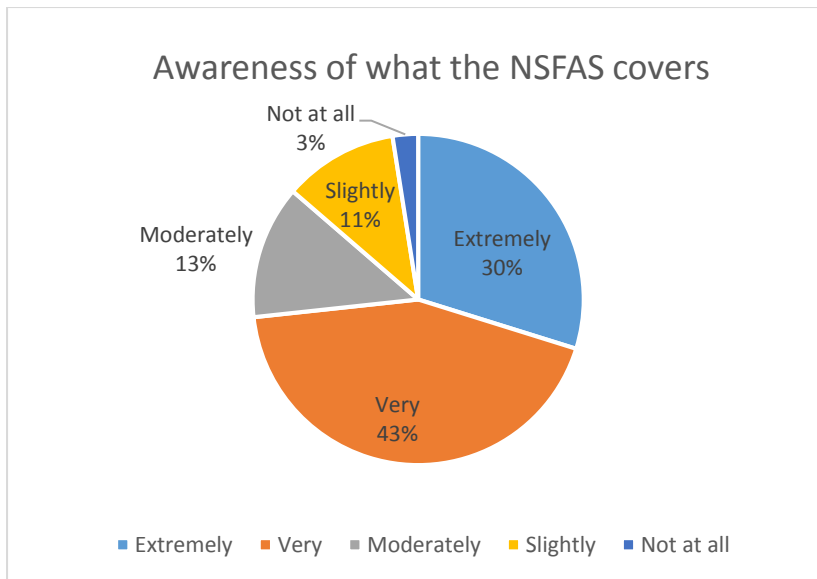
Figure 4.5. Awareness of what the NSFAS covers

When students were asked if they were aware of the repayment terms Figure 4.6 indicates, only 16 percent of students were extremely aware of the repayment terms of the loans received. Of this 16 percent, 31 percent were first years. It raises concern that only 16 percent of student who received funding were aware of the repayment terms. At the opposite extreme, 15 percent of students were not aware of the repayment terms. Of these students, 56 percent were in their fourth and final years of study. These students had already received funding for a long period from the NSFAS and they were not at all aware of the repayment terms. If they were unaware of the repayment terms, the question raised is whether these students intended to repay the loan received. Although they were not aware of the repayment terms, 37 percent of these students intended to repay the NSFAS loan as they answered Extremely and Very likely to repaying the NSFAS loan received.
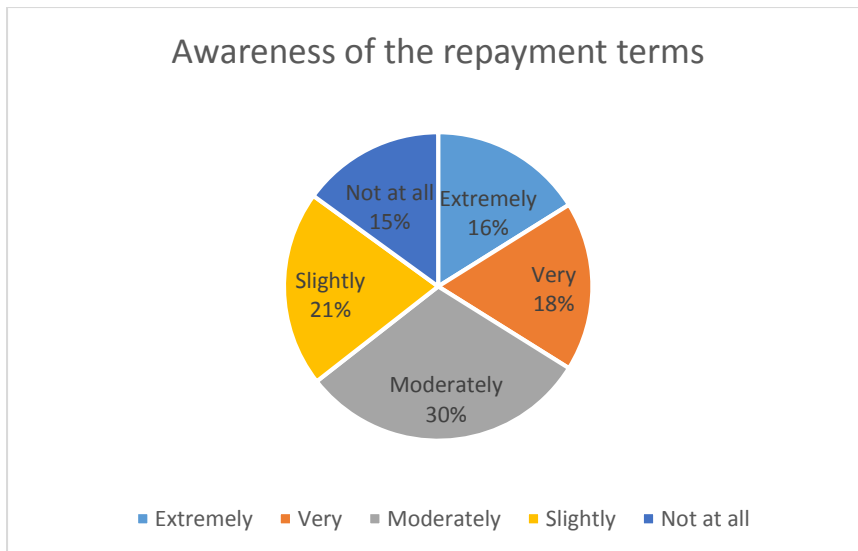
Figure 4.6. Awareness of the repayment terms

It was identified that 75 percent of students were Extremely and Very likely to repay the NSFAS loan received which is a positive reflection. (See Figure 4.7 below.) There was a small group of 6 percent who had answered Not at all likely to repay the NSFAS loan. In this group there were no first years, one second year and the balance were three years and longer on campus. This indicates that all first years had an intention of repaying the NSFAS loan received which reflected positively on the repayment rate. If they had started the process of receiving funding without any intention of repaying the loan this could have been an indication that the selection of students who receive funding needed to be revised. Figure 4.7 shows the outcome of the repayment terms.
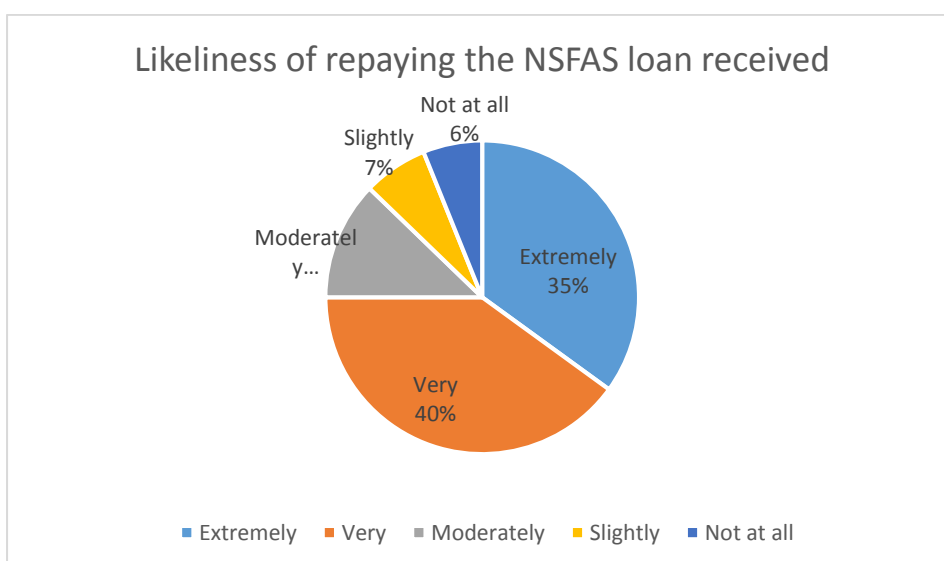

Figure 4.7. Likeliness of repaying the NSFAS loan received

According to Stellenbosch's First Five Year Project, published in 2013, the funds for students funded almost doubled from the period 2001 to 2003, increasing from R669.0 million to R1 337.4 million in 2003 and student debt written off increased from R94.2 million to R190.2 million in 2003. (de Villiers, et al., 2013).

Conerstone illustrated that the percentage of debtors repaying their loans decreased from 35 percent in 2011 to 12 percent in 2014. In 2007 the NSFAS removed all blacklisted debtors listed with credit bureaus (Conerstone Economic Research, 2016). From 2008 to 2011, section 23 of the NSFAS Act allowed the NSFAS to compel the employers of debtors to deduct the repayments. This was discontinued following criticism by the Review Committee and a legal opinion on the issue. In August 2011, the Minister of Higher Education instructed the NSFAS to discontinue all blacklisting of NSFAS borrowers (Conerstone Economic Research, 2016).

Figure 4.8 shows that 50 percent of students indicated that the NSFAS loan repayment terms were Extremely and Very influential on them excelling in their studies. Of these students 32 percent were first years: this was the largest group. Once again this indicates that the first years were showing positive intent as the repayment terms were influencing them to excel in their studies. It should also be noted that not a single first year student had chosen that the repayment terms was Not at all influential on them excelling in their studies. There were 15 percent of students who had selected the repayment terms were Not at all influential on them excelling in their studies.
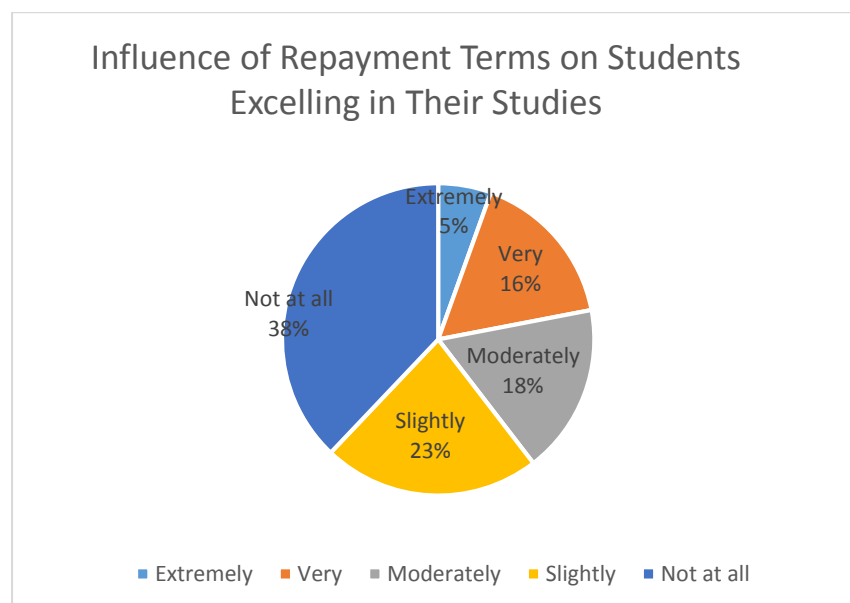

Figure 4.8. Influence of repayment terms on students excelling in their studies

Students were asked if they were aware of the terms around the conversion of the loan to a bursary. Figure 4.9 shows that the highest selection, 28 percent of students, were not at all aware of the conversion of the loan to a bursary. If these students were unaware of this incentive to pass the course, they would not put in the extra effort to pass the course. When courses are passed, this means there is less funding required in future as students would not be repeating courses and requiring further accommodation. They would also be entering the workforce earlier and would be able to repay the NSFAS loan received. There were 19 percent who were Extremely aware of the conversion of the loan to a bursary when a course was passed, and once again the highest selection was 32 percent, who were first years.
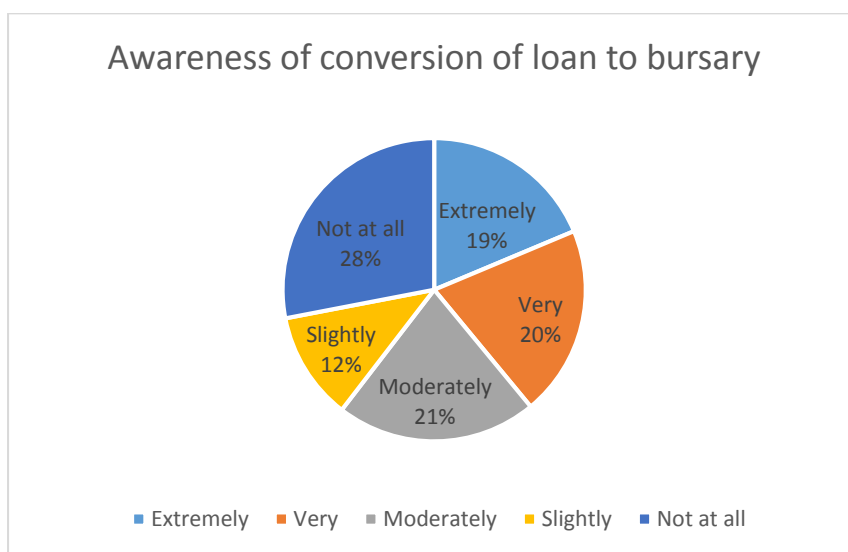

Figure 4.9. Awareness of conversion of loan to bursary

There were 31 percent of students whose loan was converted into a bursary for courses undertaken. This is an indication that the incentive for students to excel in their studies was being utilised by these funded students. Students in their third year made up of 40 percent of the total. This is an indication that the longer they were studying, the greater was the chance they had of converting their funding of courses into a bursary. According to Figure 4.10, close to half, 47 percent, had not yet had the benefit of any of their loan being converted to a bursary. The largest group of these students were in their second year and made up 27 percent of the total. From all the students who answered this question, 22 percent had not yet completed a course so it was not possible for them to answer this question and therefore their response was reflected as not applicable.
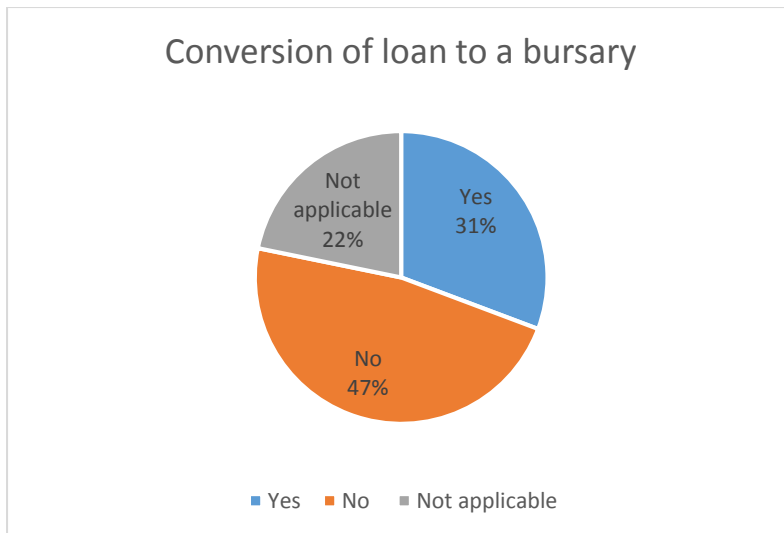
Figure 4.10. Conversion of loan to a bursary

4.3.3. Academic performance of NSFAS funded students

The study undertaken revealed that 62 percent of students selected that they were Extremely and Very likely to complete their qualification within the prescribed period. This is a positive indication that the majority of funded students would not be requiring additional funding ranging from university fees to study aids and accommodation because of repeating courses and remaining in university longer than anticipated. However, 10 percent of students would not be completing their studies within the prescribed period, refer to Figure 4.11.
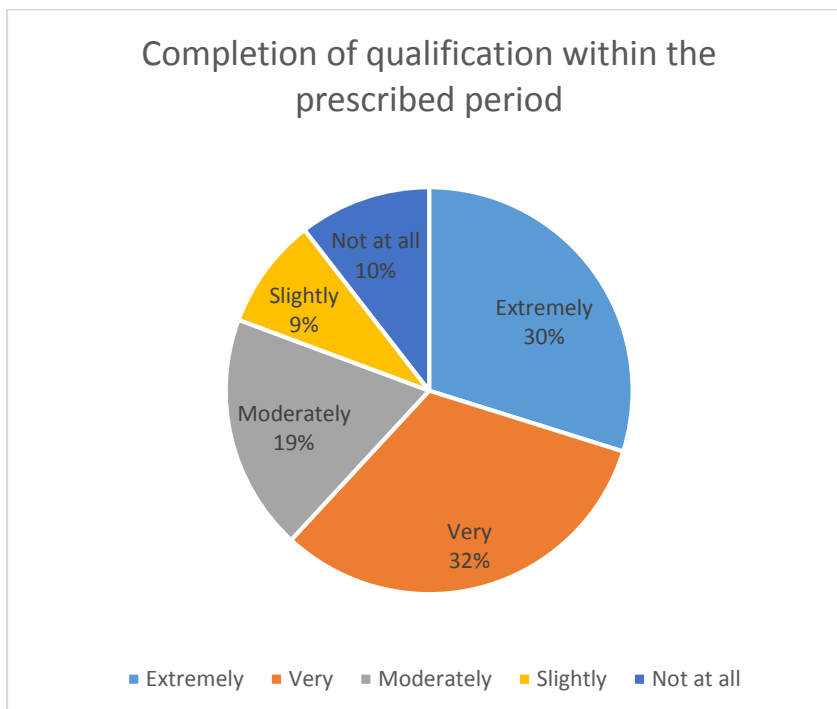

Figure 4.11. Completion of qualification within the prescribed period

When students were asked what was the likelihood of them not completing their studies within the prescribed period due to academic performance, Figure 4.12, shows that 61 percent selected Slightly and Not at all, which means that academic performance would not be impacting their intention to complete their studies within the prescribed period. This is in line with responses that above 62 percent were Extremely and Very likely to complete their qualification within the prescribed period. There were 5 percent who selected they would not be completing within the prescribed period due to academic performance.
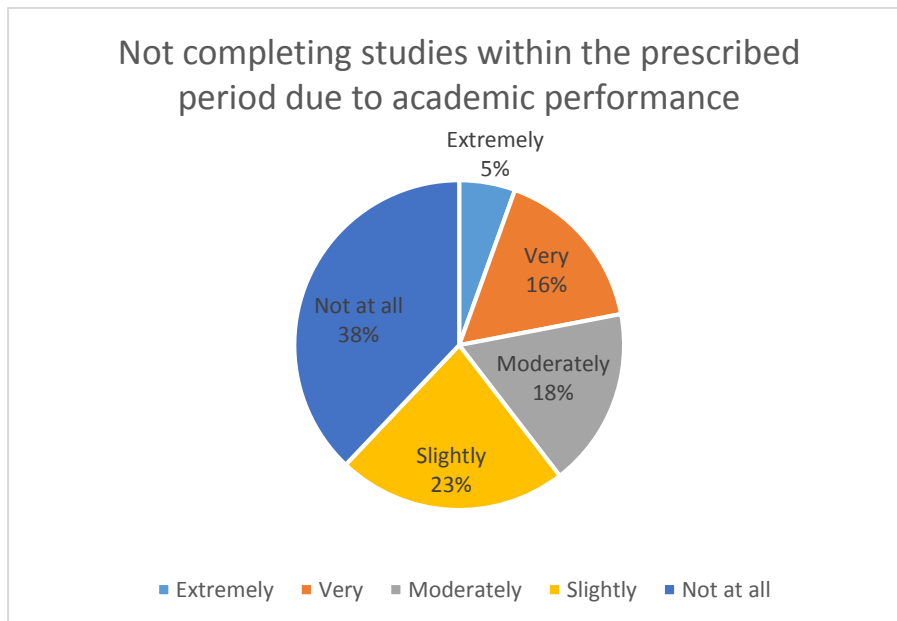

Figure 4.12. Not completing studies within the prescribed period due to academic performance

The access to academic performance was assessed. There were 45 percent of students who found academic assistance provided by the university easily accessible, Refer to Figure 4.13. Access to academic assistance is key to students' completing their qualification and not dropping out. The access to academic assistance would help the 5 percent of students who do not foresee themselves completing their qualification within the prescribed period due to academic performance. It was identified that 75 percent of the students who find academic assistance not at all easily accessible have selected Extremely and Very likely not to complete their qualification within the prescribed period due to academic performance.
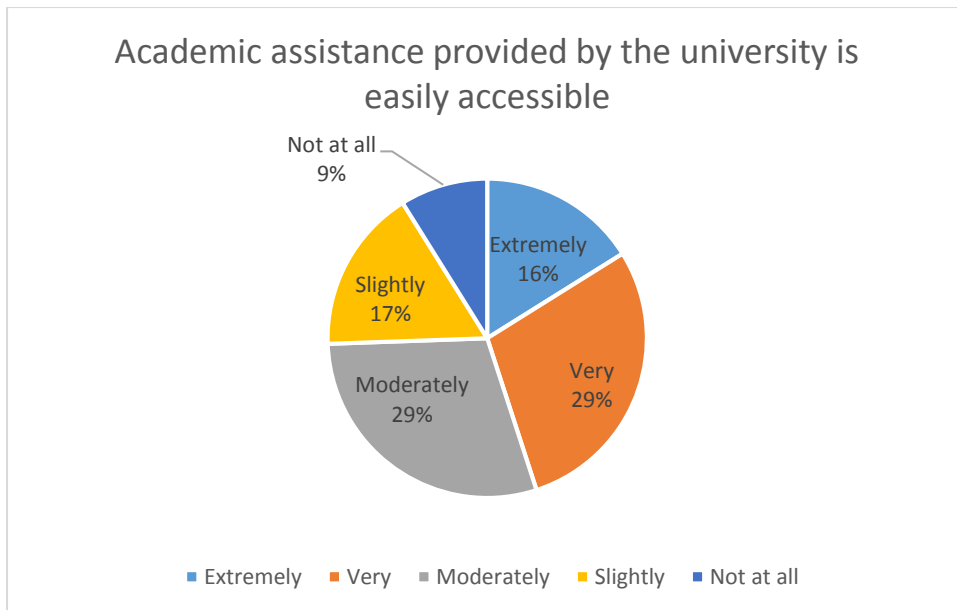
Figure 4.13. Academic assistance provided by the university is easily accessible

Figure 4.14 shows that 39 percent of students selected that they would not be completing their qualification within the prescribed period due to financial constraints. However, the majority of students, 51 percent, selected Not at all or Slightly not likely to complete their qualification within the prescribed period due to financial constraints, with only 10 percent selecting Moderately. The students were divided between the two extremes with only 11 percent separating them.
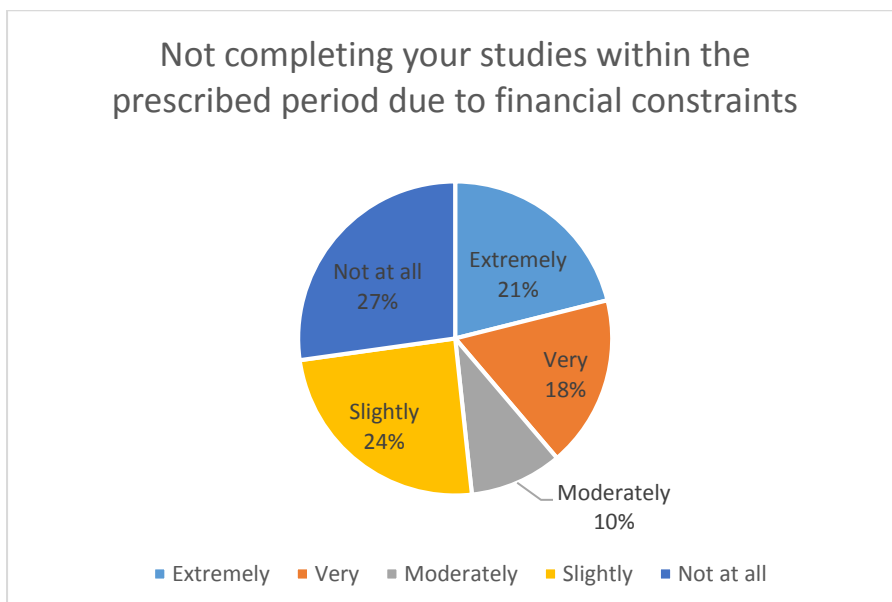

Figure 4.14. Not completing your studies within the prescribed period due to financial constraints

4.3.4. Funding received from the NSFAS

A cohort study conducted by Stellenbosch university for NSFAS loans awarded in the period 2000-2004, known as the First Five Years, was commissioned to arrive at a picture to show the problems and successes faced by the NSFAS which included the flow of students through the tertiary education system and graduation rates of students. It was identified that the percentage of GDP spent on higher education declined over the years, from 0.83% in 1987 to 0.68% in 2009 (de Villiers, et al., 2013).

A working paper released in 2016 by the NSFAS identified the fact that since 2008 university fees were increasing more rapidly than the NSFAS capped amount (NSFAS Research and Policy, 2016). NSFAS reseach also revealed that universities practised top-slicing, which is a distributive mechanisim in which the allocation made to the university is disbursed across qualifying students with all qualifying students receiving an amount lower than the NSFAS means test (NSFAS Research and Policy, 2016). The New Student-Centred Model was introduced in 2017 by which the NSFAS provided funding to university students directly, to avoid the universities top-slicing funding allocations to students. And qualifying students would receive the funding allocated to them (NSFAS Research and Policy, 2016).

Figure 4.15 shows that 39 percent of student's current fees are not fully paid by the NSFAS. This percentage is in line with the percentage of students who selected that they were Very and Extremely likely not to complete their qualification within the prescribed period due to financial constraints. This added pressure placed on students with regard to financial obligations to universities could possibly detract from their core intention of obtaining a qualification by not being fully focused on excelling in their studies.
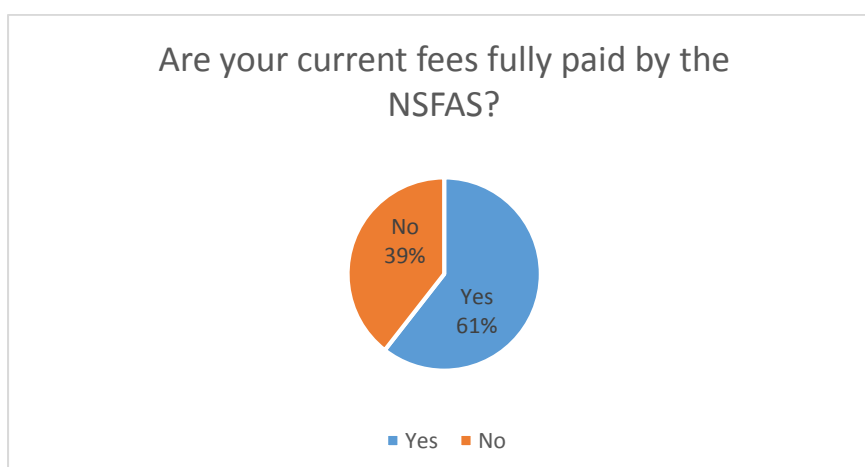

Figure 4.15. Are your current fees fully paid by the NSFAS?

Figure 4.16 shows that 27 percent of students agree that their current studies were not fully paid due to administration problems: of this, 16 percent Strongly agree. A large percentage of students believe that the system should be improved to ensure there is less financial pressure placed on students. It was identified that 70 percent of these students had been studying for 3 years and longer. Being in the system for this long a period one would have the perception that the payment process would be more efficient as a result of payments being done for the past three years. It should also be noted that 14 percent of students were in their first year. There were 45 percent of students who Disagree with 28 percent who Cannot decide. These students fell within the 61 percent of students whose current fees were fully paid up.
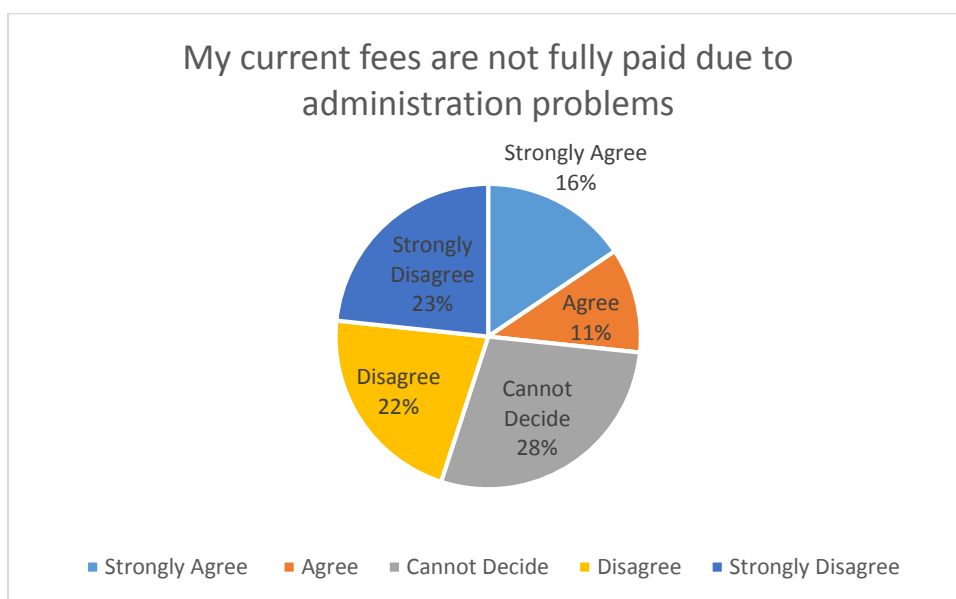

Figure 4.16. My current fees are not fully paid due to administration problems.

This following statement was made: 'the NSFAS covers my day-to-day expenses' on which students were meant to select their opinion. This was only applicable to students who resided on campus. The data was extrapolated to only select responses of students who answered yes to residing on campus. As per Figure 4.17, 18 percent of students disagreed that the NSFAS covered their day-to-day expenses and of this total only 36 percent of them resided on campus. At the opposite extreme 71 percent of students Agreed and of this 74 percent resided on campus. This reflects positively as a majority of students were being covered for their basic necessities on campus which allowed them concentrate on their studies. We must not however, lose sight that a minority of students do not have their basic necessities covered and this could affect their academic performance.
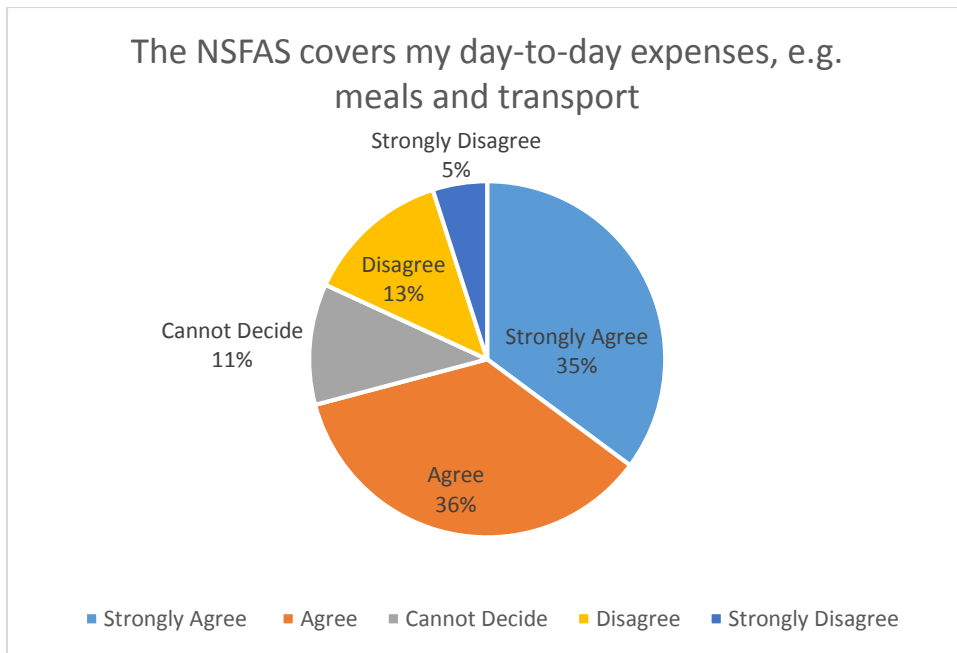
Figure 4.17. The NSFAS covers my day-to-day expenses.

Figure 4.18 shows that 9 percent of students Disagreed that the NSFAS funding adequately covered their study aids which consist of books and lab equipment. Fifty percent of students Agreed that the funding received covered their required study aids. Study aids are an important part in almost every course in order for a student to pass a course in a higher education, as merely attending lectures and accessing notes available on Moodle are not sufficient.
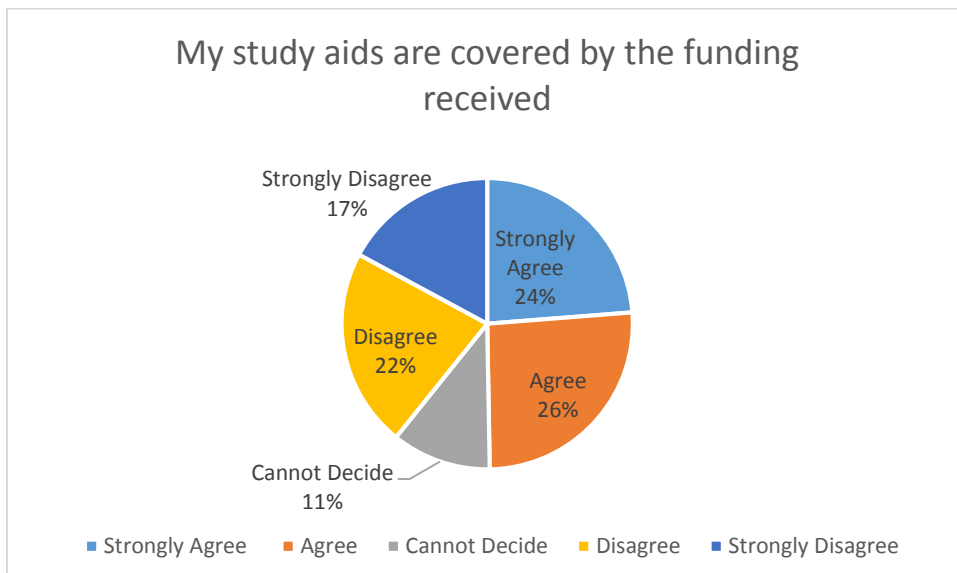

Figure 4.18. My study aids are covered by the funding received.

Only 7 percent of students had a part time job to cover the short-fall in funding received. Of these students, 23 percent resided on campus. This is an indication that the majority of students

who require more funding, due to being fully dependant for the NSFAS to fund their daily expenses such as accommodation, meals and transport, were not forced to find a part-time job to cover these expenses. A majority of students, 93 percent, did not have a part-time job to fund the possible short-fall in funding received so it is satisfying to know that they were not forced to find other means of funding while on university and they could focus on their studies.
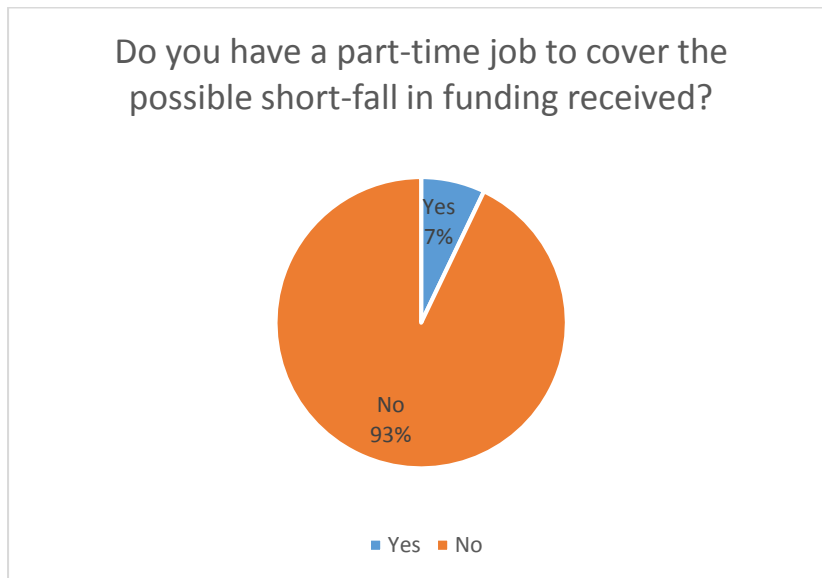
Figure 4.19. Do you have a part-time job to cover the possible short-fall in funding received?

Of the 7 percent of students who did have a part-time job, 77 percent utilised their income earned almost always and often to fund their day-to-day expenses such as meals and transport. Refer to Figure 4.19. Of this 77 percent, 43 percent resided on campus. The other 57 percent of students were not residing on campus and the funding received would not have covered their meals and transport.
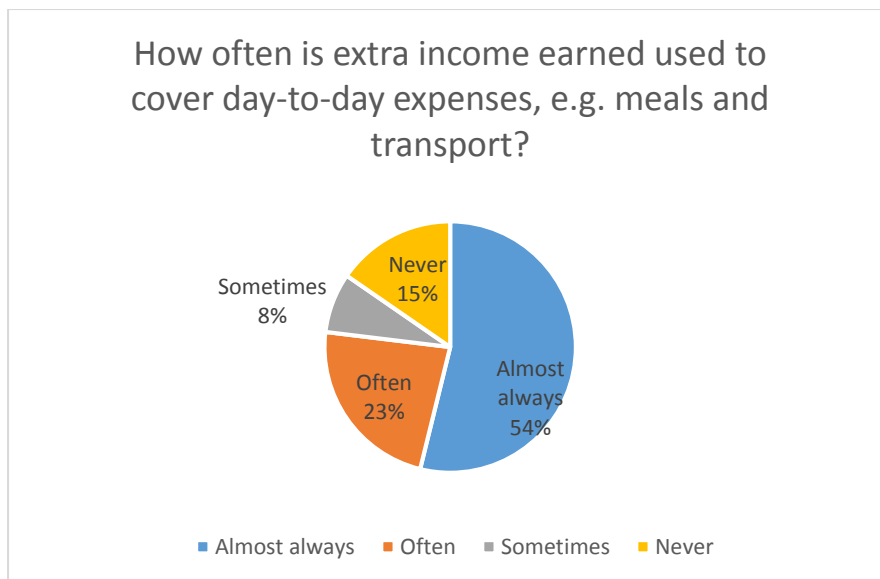
Figure 4.20. How often is extra income earned used to cover day-to-day expenses, e.g. meals and transport?

Students were asked the question, 'What is the likelihood of paying the university if there was a shortfall in funding received?'. It was evident that students Not at all prepared to pay the university if there was a shortfall in funding received with a strong 51 percent selecting this option. Refer to Figure 4.21. It should be noted that 15 percent were Extremely or Very likely to pay the university if there was shortfall in funding received.

Figure 4.21. Likelihood of paying the university if there is a shortfall in funding received.

4.4. Results

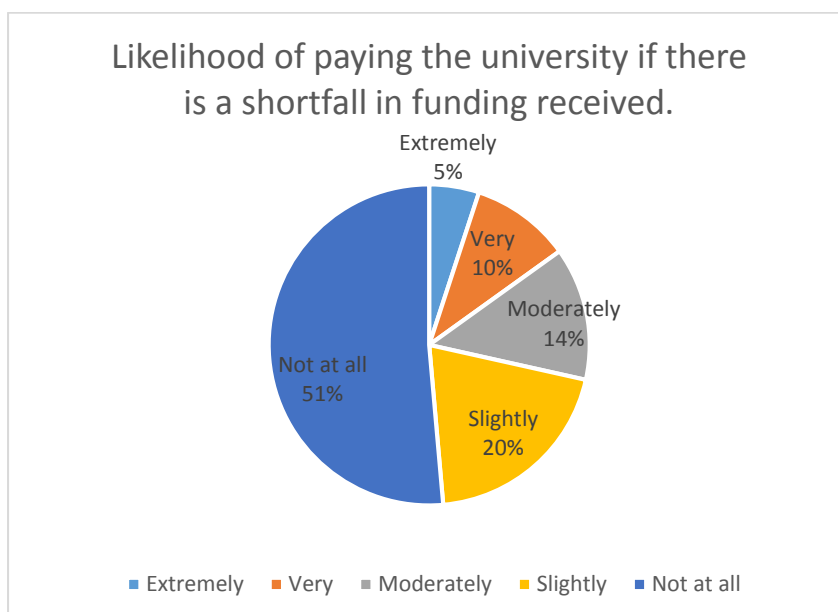The results of the study identified that 39 percent of NSFAS funded students' current fees were not paid and 27 percent of students' fees were not paid due to administration problems. The efficiency of the funding model is questionable. Although the majority of the students' fees were paid, 39 percent of students' current fees were outstanding and 27 percent were of the opinion that their fees were not paid due to administration problems.

It was identified that 39 percent of students selected that they would not be completing their qualification within the prescribed period due to financial constraints. It was also noted that 39 percent of students disagreed that the funding received adequately covered their study aids and 18 percent disagreed that their day-to-day expenses were covered. Students were feeling the financial stress due to the inefficiencies of the current funding model. They were selected to be funded by NSFAS to attend university to which they agreed knowingly their fees and accompanying expenditure would be covered. However, for these students this was not the case.

Although 39 percent of students' current fees were not paid, and 39 percent of students' study aids and 18 percent of students' day-to-day expenses were not covered, only 7 percent of students had a part time job for the shortfall in funding received. They were not forced to seek employment for income to support their studies. Twenty eight percent of students were not at all aware of the conversion of the loan to a bursary and 15 percent of students were not aware of the repayment terms.

4.5. Summary

The above analysis identified that the new student centred model implemented by the NSFAS was working for the majority of the students, however, 39 percent of tuition fees were still not paid, 39 percent of students' study aids not covered and 18 percent of students' day-to-day expenditure not covered. Also 39 percent of students do not foresee themselves completing their studies due to financial constraints. This indicates there was a short-fall in funding received which was adversely affecting the students as they did not foresee themselves graduating. There were many avenues by which they private sector could assist these students, either through the NSFAS or directly. In the next chapter the recommendations to assist these students will be discussed.

Chapter 5

DISCUSSION OF FINDINGS

5.1. Introduction

In this chapter the findings from the data collected will be discussed to formulate the overall outcome of the research conducted. The aim of this study was to provide a financial insight into the life of a student attending university. Students from previously disadvantaged backgrounds who seek funding through the NSFAS were currently underfunded which led to unrest on campuses across the country. This study was an investigation into the correlation between the increases in university fees and the high dropout rates.

5.2. To evaluate the NSFAS funding allocation and whether this is sufficient to comfortably support a student through university which will result in graduation.

In section 4.3.4 Funding received from the NSFAS, it was identified that 39 percent of students' current fees were not paid. It was also identified that 27 percent of students' fees were not paid due to administration problems. It should also be noted that for a majority of students, 61 percent of fees were fully paid for the current year.

With the implementation of the new students centred model in 2017 (Qukula, 2016), the majority of students' fees, 61 per cent, were fully paid up. However, 39 percent of students fees were not paid. One of the objectives of the new model was that tuition and residence fees were paid directly to the university at the start of the academic year to aid their cash flow (Conerstone Economic Research, 2016). However this was not the case for these students.

Twenty seven percent of fees were not paid owing to administrative problems being experienced by students. With the implementation of the new model, the NSFAS increased its head count from 163 to 299 (Conerstone Economic Research, 2016). This was to aid with the administrative purposes of this new funding model as the NSFAS was now responsible for selecting students who qualify for funding and the payment of fees, accommodation and related allowance. Previously, universities were allocated the funding which they allocated accordingly (Conerstone Economic Research, 2016).

5.3. To obtain an economic insight into individual students' personal financial situation and experiences while enrolled in university.

In section 4.3.4, Funding received from the NSFAS, 71 percent of students agreed that their day-to-day expenses were covered by the NSFAS and of these students 74 percent were residing in campus. Because they were away from home, they would have a stronger view point as these students would have a greater need for their basic necessities to be covered and paid by the NSFAS.

The New Student Centred Model was introduced in 2017 in which all NSFAS applications were administered by the NSFAS directly. NSFAS research also revealed that universities practise top-slicing, which is a distributive mechanisim in which the allocation made to the university is disbursed across qualifying students with all qualifying students receiving an amount lower than the NSFAS means test. The New Student-Centred Model was introduced in 2017 in which the NSFAS provided funding to university students directly to avoid the universities top-slicing funding allocations to students. And qualifying students would receive the funding allocated to them (NSFAS Research and Policy, 2016).

One of the objectives of the new model is that allowances for book, food, private accommodation, transport, electronic and assistive devices are paid directly to the students' cell phones through the sBux voucher system to ensure spending is monitored and accounted for (Conerstone Economic Research, 2016). It is evident from the above analysis that this new system is working for students as 71 percent had agreed their day-to-day expenses were being paid and of these 74 percent resided on campus. Owing to the greater need of funding, this point is further emphasized.

It should be noted that only 7 percent of students had a part time job for the shortfall in funding received. This was a positive result on the part of the NSFAS as a majority of students were not forced to get a part-time job in order to pay for their basic needs while being enrolled in university.

5.4. To identify the correlation between the possible shortfalls in funding to a university student which results in students dropping out.

In section 4.3.3 it was identified that 39 percent of students selected that they would not be completing their qualification within the prescribed period due to financial constraints. These were students funded by the NSFAS. This suggests that the funding received was inadequate

for them to see themselves completing their studies which would result in them dropping out of university.

Under section 4.3.4 it was also identified that 39 percent of students disagreed that the funding received adequately covered their study aids. Thirty two percent of these students selected that they did not foresee themselves completing their studies due to financial constraints. Of the 39 percent who selected that they would not be completing their studies due to financial constraints, 40 percent said study aids were not covered by the funding received. This indicates that there was a short-fall in funding received by students for them to purchase study aids which are an important part in their academic performance.

Eighteen percent of students disagreed that their day-to-day expenses were covered by the NSFAS funding received and only 36 percent of these students selected that they would not be completing their studies due to financial constraints. Only one third of these students resided on campus. This suggests that the NSFAS was covering the majority of students' day-to-day expenses especially for the students who have a greater need, those who reside on campus.

There is a strong 27 percent who strongly disagree to the statement that they do not foresee themselves completing their studies due to financial constraints. The remainder of the sample chose, Slightly, Moderately, Very and Extremely likely not to complete their studies due to financial constraints. Once again, as these students were fully dependent on NSFAS funding to support them in university, this short-fall in funding was attributable to these students having a higher dropout rate.

Based on the statistical report compiled by the Department of Higher Education and Training, there were 194 923 students in 2013 who were funded by the NSFAS. In the same year the statistical report indicates that on average of 15 percent of undergraduate degree students graduated (Department of Higher Education and Training, 2015).

The DHET were able to provide graduation rates within regulation times. This information was for the 2005 cohort for students to graduate in 2007. Refer to Table 5.1:

Table 5.1. Graduation rates of NSFAS Cohort Study within regulation time

	2007	**2008**	**2009**	**2010**
First-time entering awarded in 2015	13.1	33.5	45.4	51.2
First-time entering not awarded in 2015 but in later year of study	14.2	35.2	49.8	58.1
First-time entering awarded NSFAS in any year, incl. 2005	13.5	34.1	47.0	53.7

(NSFAS Research and Policy, 2016)

Table 5.2. Dropped out rates of NSFAS Cohort Study

	2007	**2008**	**2009**	**2010**
First-time entering awarded in 2015	17.1	25.5	29.5	32.2
First-time entering not awarded in 2015 but in later year of study	13.0	15.8	18.3	19.9
First-time entering awarded NSFAS in any year, incl. 2005	15.7	22.1	25.6	27.9

(NSFAS Research and Policy, 2016)

According to Table 4.4, the drop-out rate was lower for students who had not received funding in the first year. This indicates a higher risk for the funding of first year students. This risk decreases the longer the student remains in university. Through the review of papers, the NSFAS found evidence which provides conflicting views on the drop-out rates of NSFAS and non-NSFAS funded students. Various studies reveal that 30 percent to 40 percent of students drop-out within their first two years of study and approximately 53 percent of students do not graduate (NSFAS Research and Policy, 2016).

The NSFAS Ministerial Review reported that 33 percent of funded students were still studying and 67 percent were no longer at university although only 28 percent of 67 percent had graduated and the remaining students had dropped out (NSFAS Research and Policy, 2016). The Stellenbosch University study revealed 55 percent of the 2000 cohort obtained their qualification within nine years. On the same study it was identified that after four years (2003), 29 percent were still studying, 34 percent had qualified and 37 percent had dropped out (de Villiers, et al., 2013). The DHET study showed that for the 2000 cohort, the same study as Stellenbosch University, after one year of study 31.5 percent had dropped out, 44.3 percent after five years and 47.1 percent after ten years (Department of Higher Education and Training, 2015). The First Five Year study also concluded that non-NSFAS funded students had a higher drop-out rate of 46 percent, 6 percent still studying and 48 percent graduating (NSFAS

Research and Policy, 2016). This illustrated that NSFAS funded students understood the bursary incentive which would reduce their loans.

5.5. To provide ways in which the private sector can assist in funding students while complying with the Broad-based Black Economic Act of 2003.

Under section 4.3.4, it was identified that 39 percent of NSFAS funded students' current fees were not paid. Also, 39 percent of students' study aids and 18 percent of students' day-to-day expenses were not covered by the NSFAS. There were 51 percent of students who were unable to pay the university if there was a short fall in funding received.

According to Conerstone Economic Research's Performance and Expenditure Review on the National Student Financial Aid Scheme (NSFAS), 63 613 (or 31 percent) qualifying applicants could not be funded in 2014 due to insufficient funds (Conerstone Economic Research, 2016).

As suggested in the study conducted there is a need for funding for registered students because current student fees are not being paid and the NSFAS was declining 31 percent of qualifying students in 2014 as indicated in Conerstone's research. The ISFAP model also includes the involvement of the private sector. The private sector can assist the NSFAS by providing funding which can be included in its scorecard for B-BBEE. This will serve as an incentive for the private sector to contribute to student funding which will benefit both the private sector and the NSFAS.

5.6 Summary

The results of the research indicated that there is a shortfall in government funding provided to students at the University of KwaZulu-Natal. This research is a representation of the problem experiences by students across South Africa who receive funding from the NSFAS. The newly adopted funding models can assist these students and alleviate the burden of not receiving adequate funding. The next chapter will include the recommendations and conclusions of this study.

Chapter 6

RECOMMENDATIONS AND CONCLUSION

6.1. Introduction

In this chapter recommendations are made and conclusions reached regarding the correlation between the short-fall of government funding on university fees and its effect on graduation rates. The research questions set out in Chapter 1 have been considered when making recommendations and drawing conclusions and these will assist in improving the funding available to underprivileged students from previously disadvantaged households who cannot afford to attend higher education institutions.

6.3. Recommendations

The research resulted in the identification of a short-fall in funding as there were 39 percent of NSFAS funded students fees not paid. Although the NSFAS has taken full control over the allocation of these funds, there were still students who were not receiving adequate funding which adversely affect their chances of graduating. This study indicated that 39 percent of students will not be completing their studies during the prescribed period due to financial constraints. Through the current models in place recommendations were drawn up for ways to address this problem which can be beneficial to all parties involved. The recommendations include the private sector contribution to the new Ikusa Student Financial Aid Programme (ISFAP) model, private sector contributions directly to students and students being made aware of the NSFAS loan terms.

6.3.1. Private sector contributions to ISFAP

The ISFAP model was piloted in 2017 in six universities. This model includes the contributions by the private sector and in return, the private sector gains in its Skills Development contributions in the B-BBEE Act for companies. The project officer's aim is to form a strong and sustainable public private partnership (Qonde, 2016). The B-BBEE Commissioner in the DTI has recommended that a maximum of 25 percent of the 6 percent compliance target could be used by private institutions by donating funds to the ISFAP (Nxasana, 2016).

Once this project is rolled out nationally, ISFAP must make the private sector aware of this new funding model so that they can take full advantage of benefits so both the ISFAP and the private sector benefits. The inflow of funds from the private sector will enable ISFAP to meet

the funding needs of current students and students who are deserving and qualify for funding under this model.

6.3.2. Private sector contributions to students

The private sector which includes entities with turnover greater than R10 million need to be B-BBEE compliant according to the B-BBEE Act. Included in the Act is Skills Development targets. The six percent compliance target, six percent of the levible amount, also known as six percent of total spend on salaries and wages, includes external training expenditure on black unemployed people in which the measured entity scores eight out of a total of 20 points. Twenty points is the maximum score in the Skills Development Element, excluding bonus points that could be earned (Department of Trade and Industry, 2013).

The private sector can contribute directly to qualifying students who require funding by issuing a bursary directly to these students to attend university. The selection of students can be in line with the entity's industry in which the conditions of the bursary can be an internship in the entity if the student excels in their performance.

The private sector can also benefit when offering an internship to these students as the scorecard includes points for the number of internships. The compliance target is 2.5 percent of the measured entity's total head count to score four points (Department of Trade and Industry, 2013).

Once the internship is completed, the entity can score five bonus points if these interns are absorbed in the company (Department of Trade and Industry, 2013). The flow through of the student from attending university through to employment is beneficial to the disadvantaged student, the company issuing the bursary and the country as a whole due to the higher skills and increase in employment.

6.3.3. Funded students to be made aware of the loan terms

There were 28 percent of students who were not at all aware of the conversion of the loan to a bursary. When students are unaware of the conversion of the loan to a bursary, this means this incentive for them to excel in the studies is absent and they would not make that extra effort when completing their coursework. There was a higher rate of them not completing their courses within the prescribed period, they would have to repeat courses, which is accompanied by additional funding requirements and a higher loan being incurred.

Also, 15 percent of students were not aware of the repayment terms. If students are unaware of the repayment terms, how do they intend to repay the loan so that funding can be available for future students.

On application for funding, the funding administrators need to make every effort to inform students of the repayment terms which includes the conversion of the loan to a bursary when they excel in the courses. The terms need to be easily accessible on the fund's website which enables both prospective and current students to make reference when they have questions regarding this matter. This will encourage students to perform better and knowing they have to repay the loan will discourage them from taking their opportunity for granted.

6.4. Limitations of the Study

According the Sekaran's table, with the university having a population of 15 894 funded students a sample of 375 was required. However 226 NSFAS students responded to the survey. With the survey being accessible to all students, both funded and non-funded, there was a possibility of non-funded students feedback being included in this study. Because of this accessibility not being restricted there was also the possibility of students taking the survey more than once.

6.5. Recommendations to overcome the limitations

The university only approved the use of the LAN Notice System to contact students. If direct contact was made to NSFAS funded students via their email addresses, this could eliminate the possibility of non-funded students answering the survey. However, there would have been no guarantee that the 375 required sample of students feedback would have been obtained. To reduce the chances of non-funded and repeat participation of the survey, the survey was available to students for a limited period of only four weeks.

6.6. Future research

Future research which can be conducted is to assess the efficiency of the ISPAP model as to whether it has met all the objectives it was intended to achieve. Owing to the short-fall of funding provided to students, the NSFAS is always evolving to ensure it meets the core objective which is to provide funding to students who cannot afford to attend university. These changes within the NSFAS organisation and new funding models need to be assessed to ensure the students of South Africa are supported by the government to attend university for the improvement of the economy as a whole by upskilling the nation.

6.7. Summary

This study revealed that there is a short-fall in funding received. Students are feeling the financial strain which is causing them not to foresee themselves graduating There are new models being implemented by the NSFAS and with the NSFAS evolving to meet the needs of disadvantaged students there is a clear indication that there is insufficient funding available to the disadvantaged students of South Africa. This supports the results of the study conducted. The new ISFAP model's objective is a proposed partnership with the private sector from which government can obtain funding which in turn benefits the private sector though compliance of the B-BBEE Act. The recommendations proposed can benefit all parties involved and most of all assist students attending university with adequate funding so that they can foresee themselves graduating which contributes to upskilling the nation of South Africa

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Dear Participant,

MBA Research Project
Researcher: Kubashini Chetty – 082 334 8143
Supervisor: Pfano Mashau - 031 260 7021
Research Office: Ms P Ximba 031-2603587

I, Kubashini Chetty, an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. You are invited to participate in a research project entitled THE SHORT-FALL IN GOVERNMENT FUNDING OF UNIVERSITY FEES AND ITS EFFECT ON GRADUATION RATES. The aim of this study is to provide a financial insight into the life of a student attending university. Students from previously disadvantaged backgrounds which seek funding through the NSFAS are currently underfunded which have led to unrests on campuses across the country. There will be an investigation in the correlation between the fee increases in university fees and the high dropout rates. The information gathered can be utilised by universities on how they can reduce the dropout rate and also provide the private sector ways in which they can assist these students while complying with the Broad-based Black Economic Empowerment Act, 2003.

Through your participation I hope to understand the financial experience while attending university. The results of the focus group are intended to contribute to the correlation between funding and graduation rates and how the Public Sector and Private Sector can assist in alleviating current financial strain experienced by students.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **10 minutes** to complete. I hope you will take the time to complete this survey.

I hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

○ Agree to all the terms and conditions stated above

○ Do NOT agree to the terms and conditions stated above

1. Are you currently being funded by the NSFAS?

Yes	No

2. How would you rate the application process to apply for funding provided by the National Student Financial Aid Scheme (NSFAS) with regards to efficiency and response time?

Excellent	Above Average	Average	Below average	Very poor

3. During the application process, were you made fully aware of what the NSFAS loan covered while you were registered at university?

Extremely aware	Very aware	Moderately aware	Slightly aware	Not at all aware

4. Are you currently aware of the repayment terms of the NSFAS loan received?

Extremely aware	Very aware	Moderately aware	Slightly aware	Not at all aware

5. What is your current year of study?

First Year	Second Year	Third Year	Fourth Year	Final Year

6. What is the prescribed duration of your studies?

1 year	2 years	3 years	4 years	> 4 years

7. What is the likelihood of you completing your qualification within the prescribed time?

Extremely	Very	Moderately	Slightly	Not at all

8. How much is financial related for you not foreseeing you completing your qualification within the prescribed period?

Extremely	Very	Moderately	Slightly	Not at all

9. What is the likelihood of you not completing your studies within the prescribed period due to your academic performance?

Extremely likely	Very likely	Moderately likely	Slightly likely	Not at all likely

10. How easily accessible is the academic assistance provided by the university?

Extremely	Very	Moderately	Slightly	Not at all

11. What influence does the repayment terms have on you excelling in your studies?

Extremely influential	Very influential	Moderately influential	Slightly influential	Not at all influential

12. Are you aware of the conversion a portion of your loan received to a bursary when you pass a course?

Extremely aware	Very aware	Moderately aware	Slightly aware	Not at all aware

13. Have any portion of your courses been converted to a bursary?

Yes	No	Have not yet completed a course (1st year)

14. Are you currently residing on campus?

Yes	No

15. Is the funding provided by NSFAS for your day-to-day expenses, for example, meals and transport, adequately covered?

Strongly agree	Agree	Cannot decide	Disagree	Strongly disagree

16. Are your study aids (books, lab equipment, etc.) adequately covered by the NSFAS funding received?

Strongly agree	Agree	Cannot decide	Disagree	Strongly disagree

17. Do you currently have a part-time job to cover the possible short-fall in funding received in order for you to study at university?

Yes	No

18. How often is the extra income earned used towards for your day-to-day expenses, for example meals and transport, excluding study aids and university fees?

Almost always	Often	Sometimes	Seldom	Never

19. Is the main reason for you having a part-time job is fund the short-fall in university fees?

Strongly agree	Agree	Cannot decide	Disagree	Strongly disagree

20. Are your current fees fully paid by the NSFAS?

Yes	No

21. Are the current fees not fully paid due to the administration problems being experienced?

Strongly agree	Agree	Cannot decide	Disagree	Strongly disagree

22. What is the likelihood of you paying the university the possible shortfall in university fees?

Extremely likely	Very likely	Moderately likely	Slightly likely	Not at all likely

23. What is the likelihood of you repaying the NSFAS loan received?

Extremely likely	Very likely	Moderately likely	Slightly likely	Not at all likely

24. What is the likelihood of you completing your qualification and graduating?

Extremely likely	Very likely	Moderately likely	Slightly likely	Not at all likely

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07 August 2017

Ms Kubashini Chetty (203507342)
Graduate School of Business & Leadership
Westville Campus

Dear Ms Chetty,

Protocol reference number: HSS/1240/017M
Project title: The Shortfall in Government Funding of University Fees and its effect on Graduation Rates

Full Approval – Expedited Application

In response to your application received on 31 July 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and FULL APPROVAL for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Pfano Mashau
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

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22 June 2017

Miss Kubashini Chetty (SN 203507342)
Graduate School of Business and Leadership
College of Law & Management Studies
Westville Campus
UKZN
Email: Kubashc@gmail.com

Dear Miss Chetty

RE: PERMISSION TO CONDUCT RESEARCH

Gatekeeper's permission is hereby granted for you to conduct research at the University of KwaZulu-Natal (UKZN), towards your postgraduate studies, provided Ethical clearance has been obtained. We note the title of your research project is:

"The Short-Fall in government funding of University fees and its effect on graduation rates ".

It is noted that you will be constituting your sample as follows:
- with a request for responses on the website. The questionnaire must be placed on the notice system http://notices.ukzn.ac.za. A copy of this letter (Gatekeeper's approval) must be simultaneously sent to (govenderlog@ukzn.ac.za) or (ramkissoonb@ukzn.ac.za).

Please ensure that the following appears on your questionnaire/attached to your notice:
- Ethical clearance number;
- Research title and details of the research, the researcher and the supervisor;
- Consent form is attached to the notice/questionnaire and to be signed by user before he/she fills in questionnaire;
- gatekeepers approval by the Registrar.

You are not authorized to contact staff and students using 'Microsoft Outlook' address book.

Data collected must be treated with due confidentiality and anonymity.

Yours sincerely

MR SS MOKOENA
REGISTRAR