
Introduction - Part III

Achieving 'free education' for the poor - a realisable goal in 2018?

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Since 1994 and the advent of democracy, government and universities have pursued equity in higher education in the context of limited public finances, leading to uncomfortable choices and decisions to be made. This resulted in widespread reaction and student protests in 2015 and 2016. A focus on equity and redress, without support for students who come poorly prepared from the schooling system, has negative implications for quality, limiting the production of high quality graduates with requisite knowledge, competencies and skills.

This introduction addresses some of the major fault lines in the debate on education funding and resource allocation, identifying key issues and the seemingly intractable trade-offs associated therewith. These issues include: free or 'fee free' education for all or for the poor; expansion, massification and equity across the education sector; the articulation of schooling with higher education; education as a private and public good; and models and processes for achieving equity in education funding distribution.

The final two articles in this *Special Issue* address the relationships between education equity and social equity, and social and cultural capital. The first article, by Samukelisiwe Mngomezulu, Nicholas Munro and Rubby Dhunpath, poses the counterintuitive question of whether funding is counterproductive to academic success, and investigates this in relation to the experiences of 'at-risk' students in a South African university. The authors observe that the high enrolment, high dropout and slow throughput scenario persists in spite of the increase in government and other funding for higher education students, and has had dire financial consequences for students and their families. Drawing on data from a qualitative ethnographic study, the paper uses Bourdieu's cultural capital theory, which incorporates the

influence of the family on academic activity across historically evolving institutional systems, to highlight the crisis of student alienation and their difficulties in navigating a new and unfamiliar learning environment. Their findings suggest that a seemingly positive event, such as the allocation of funding, may have far-reaching academic consequences and include the risk of academic exclusion. As a result, there is a need for higher education institutions to design interventions to curb financial illiteracy among their students.

The second article, entitled *Food and Housing Challenges: (Re)framing Exclusion in Higher Education*, by Yasmine Whitehead, begins by observing that food and housing challenges in higher education are increasingly apparent on a global scale, and South Africa is no exception. The rising cost of living coupled with consistent fee increases has meant that students are struggling to access basic necessities such as food and shelter. The recent and ongoing #FeesMustFall movement has, among other things, signalled that large numbers of students are experiencing material hardships, and are unable or unwilling to continue to pay the high cost of attending higher education institutions. The article argues that exclusion from higher education based on material hardship should be given more attention, given that much of the literature on exclusion tends to focus on academic barriers and challenges with respect to epistemological access. The article itself provides a platform for a critical examination of the assumptions and core features of selected institutional responses to food and housing challenges in higher education in South Africa.

Some of the key themes from these two papers, in particular on the relationship between social equity and education equity, are discussed further below.

Expansion, massification and equity

The increasing demand for higher education, due to globalisation and the rise of the knowledge economy, is reflected in fast-growing higher education enrolments in sub Saharan Africa, with a growth of 10% annually between 2004 and 2009 (Wangenge-Ouma, 2010) At the same time the provision of higher education has been shifting from an elite system to one promoting universal access, leading to a review of education financing models. Equitable

access to higher education appears to be based on two criteria: there must be sufficient places so that all members of society who want to, and who have academic experience and ability to do so, can participate in higher education; and individuals must have a fair opportunity of obtaining a place in the institution of their choice (McCowan, 2007). This principle of fairness and equality of opportunity underlies the nature of the student demands in 2015/2016 in South Africa – no exclusion if students qualify in terms of admission criteria, and access to institutions they choose. The latter point presents a powerful challenge to the current bifurcated tertiary education landscape (Allais, 2016).

Consider the statistics in relation to the major indicators of access, efficiency, quality and resource allocation in tertiary education. Student enrolments have increased dramatically, by 67% between 2002 and 2014, and the major growth has been in African enrolment, reaching 70% of the total student population. In the same period, the growth in permanent academic staff was 20%, and the headcount staff: student ratio grew to an alarming 1:55 from an earlier base of 1:40 (Simkins, 2016).

Cohort studies (Council on Higher Education (CHE), 2013, p.15) show that of the students entering a three-year degree, less than half complete, and of those who do, up to 50% take up to six years to graduate. One in four students (excluding those at UNISA) drops out before the second year of study. Only 35% of the total intake, and 48% of contact students, graduate within five years. While allowance is made for students taking longer than five years to graduate or who are returning to the system after dropping out, it is estimated that some 55% of an intake will never graduate. Access, success and completion rates continue to be racially skewed, with white student completion rates being on average 50% higher than African rates. Mngomezulu, Munro and Dhanpath (2017) in this volume, illustrate poignantly, how poverty and the lack of sufficient funding have consistently been cited as key reasons for student academic failure and progression difficulties. The evidence suggests that while financial assistance in itself is not a risk factor, students' perceptions of their needs and their ability to prioritise how to meet these needs, can impact on the choices they make which in turn can impact academic success. These authors find that students continue to be faced with conflicting pressures of either prioritising their own, or their family's financial needs.

The proportion of government funding to universities decreased from 49% in 2000 to 40% in 2014 (Cloete, 2016). The shortfall was made up through student fees, which increased by 42% from 2010 to 2014. This is an increase of 9% per annum in contrast to the 5% to 6% inflation rate. What is apparent is that we have a higher education system under considerable strain, with low throughputs, rising enrolments, high staff to student ratios, and an unsustainable funding base, with poor NSFAS loan recovery. To maintain a competitive edge in a rapidly transforming knowledge economy, countries need to invest more in quality education. But historically, South Africa has not invested enough in higher education (less than 1% of GDP), nor has it reached its own target of 1% on Research and Development, a figure which is well below international targets. Most comparable countries are spending closer to 2% of GDP, and some, like China, 3% (Cloete, 2016). As a percentage of GDP, higher education funding decreased to 0.67% in 2015.

Evidence of a system under strain is illustrated by steady reductions in building maintenance, and enrolment caps where enrolment growth exceeded the real growth in the public funding of education. For example, Whitehead (2017) in this volume observes as early as 1998 there were signs that NSFAS was being funded at inadequate levels and that the amount of funds disbursed to individual students was not sufficient to cover the actual cost of attending higher education. While the NSFAS funding increased rapidly to R17 billion in 2017, she notes that fees continue to rise higher than NSFAS funding, and there are concerns about maladministration. The NSFAS model, also did not accommodate the ‘missing middle’ who do not meet the criteria for such funding, but whose socio – economic status excluded them from accessing tertiary education.

A key priority in relieving funding pressures is to improve the internal effectiveness and efficiency of the higher education system and, indeed, the schooling system, bringing to the fore the relationship between equity and efficiency. This requires systematic interventions to address the knowledge and skills gap between school and university, through restructuring a curriculum and qualification structure which is not suited to the socioeconomic and educational background of students entering higher education. This is addressed in the section below.

Equity across the education system - articulating schooling and higher education

With the 2018 target date for meeting Education for All goals imminent, education quality and reform remain key South African development challenges. Education for All has been a consistent theme in government policy development since the advent of democracy in 1994. The overriding purpose has been to promote equitable and universal access to meaningful learning opportunities in schooling.

There has been progress towards equity, equality and redress in post-apartheid South Africa, and yet a sobering reality, noted by the National Planning Commission (2011), is that an estimated 48% of the population live on less than US\$2 a day, and that, at 0.67, the Gini coefficient is the highest in the world (*Mail & Guardian*, 30 September 2016). The unemployment rate in South Africa increased to 27.7 percent in the first quarter of 2017 from 26.5 percent in the previous period. It is the highest jobless rate since the first quarter of 2004 as unemployment rose faster than employment than people joining the labour force (*Trading Economics*, 2017).

In recent years, key education indicators have shown that mastery of basic competencies is at a very low level. This has strong implications for employment and economic growth. It has led to much policy and research activity, reflected in, for instance, the Development Bank of Southern Africa's Road Map process in 2010, the National Planning Commission findings in 2011, the National Education Evaluation and Development Unit (NEEDU) report in 2012 and the Department of Basic Education's Action Plan 2014.

These findings and the surge in the numbers of students qualifying for university entrance suggested that the schooling system is not preparing students at the right level. A number of studies tracking particular groups of students have provided a more nuanced account, suggesting that the NSC learners are capable but have a different skill set, or that the NSC is a reliable predictor at the top end of the achievement scale (Motala, 2014).

The recent CHE Task Team report which proposes a four-year undergraduate degree shows the extent to which South Africa is not getting the graduates it needs: "just half of those who start a degree programme at our universities get a degree". It then notes that "poor academic preparation at school" is "the

dominant learning-related reason” for poor university performance – but that there is “no prospect” that the schooling sector will be able to produce the numbers of adequately prepared matriculants that higher education requires “in the foreseeable future” (CHE, 2013, 16f). The CHE report makes other important observations relevant to the quality of current matriculants and their prospects for throughput into the post-secondary sector. It notes that “despite there being a small intake that has good academic potential, performance in higher education is marked by high levels of failure and dropout”. What is clear is that there is insufficient differentiation in the system to meet the needs of all students. Although structured differentiation could come to reflect the inequalities in our society, the absence of such pathways has not prevented this outcome in practice.

The primary recommendation of the Ministerial Committee on the National Senior Certificate (2012) was that the NSC – the terminal school qualification after twelve years of schooling – should provide a more accurate assessment of learner capabilities, and direct learners to the most appropriate post-school opportunities in further education, tertiary education or the labour market. A more detailed differentiation between levels of NSC passes, and a review of the requirements, could ensure that all learners, irrespective of level, have the appropriate skills and knowledge. The review of the requirements includes the removal of Life Orientation from the NSC curriculum, raising the requirements for Language of Teaching and Learning (LOLT), and removing the provision for failing one subject from Diploma and Bachelors passes. These could provide better predictors of success in further and higher education, and to adequately prepare learners to meet the demands of the 21st century. In short, the proposed changes could contribute to addressing equity of opportunities and outcomes at all levels of the education system. Mngomezulu *et al.* (2017) highlights both academic and non-academic support mechanisms that are needed to bridge the transitional gap between secondary school and university. Cultivating competencies in attaining pedagogic access are equally important as providing empowering literacies and life skills for psycho-socio economic survival at university. How students negotiate alienating dilemmas of being socialised into university environments needs to be opened up for more rigorous enquiry, the authors argue. What is affordable, and for whom is discussed in the following section.

Free education for all and free education for the poor - addressing inequality

Calculations of the cost of providing free higher education often draw on examples from developed countries. In Africa, early post-independence provision of free higher education was for small numbers, and proved to be unsustainable. Research from Africa and Latin America argues that free public education benefits the rich far more than the poor, because students from the wealthier classes are in a better positions to compete for access to selective public universities, while all but the most gifted students from poorer backgrounds are relegated to private fee paying institutions or public institutions of low quality. Oketch (2003) highlights distributional problems in education funding in sub Saharan Africa with strong competition between the basic and higher education, Archer (2015) argues that this situation is regressive in that the poor subsidise the rich, and Barr (2004) notes that even in OECD countries state higher education subsidies predominantly benefit the rich.

In our current discourse, there is a slippage between the concepts of 'fee-free education', 'free education for all' and 'free education for the poor'.¹ The different concepts have different consequences. Cloete (2016, p.4) argues that, in a developing country, the call should be for "affordable higher education for all", with a clear understanding that affordable means different costs for different social groups. This can be expanded to the provision of free education for the poor, with an agreed definition of which strata of society constitute 'the poor' (Motala, 2016). As the articles by Whitehead and by Mngomezulu *et al.* in this volume make clear, while a fee remission is an important equity gain in a society characterised by high levels of inequality and poverty, a consideration of social inequity also requires attention to the full package required of accommodation, books and subsistence. Whitehead, citing Van den Berg and Rubenheimer (2015), describes a lack of food and

¹ In the recent wave of student protests in 2015 and 2016, the calls for free education were made . There were many variants to this discussion, fee free education for all, focussed specifically on the demand for no fees for all students, the free education for all advocates included fees and the related full costs of education provision, which included housing and subsistence, and free education for the poor proposes a model, which differentiates students into groups or categories based on parental income.

housing as a “powerful force” which may be contributing to poor academic performance, the inability to meaningfully participate in campus life and contribute to attrition. It has been argued that not having access to food in particular, could be one more reason why more than half of higher education students in South Africa never graduate and that hunger in higher education institutions contribute to the high drop out rate (cited above).

Proponents of ‘free education for all’ suggest that current models, which classify households into income groups and apply means tests, are flawed, because they lead to increased vulnerability for the poor, high levels of indebtedness, reduced savings towards retirement and a compromised standard of living (Oxfam, 2016). Instead, one might consider increasing corporate tax from 28% to 30%, and the skills development levy from 1% to 3%, and dealing decisively with corruption. Such an approach, which concentrates on the structural aspects of inequality and uses tax revenues for the purpose of higher education funding, is preferable to the idea of a differentiated approach to the ‘rich’ and ‘poor’.

Also persuasive is the argument to make free education available to the poor, based on the available disposable income of the family, through a differentiated post school system, with differentiated funding and fees. Teferra (2016) notes that a number of African universities, in Uganda, Malawi and Kenya, have moved away from free higher education for all, to cost sharing and to ensuring that university resource bases are both consolidated and diversified. This view for a redistributive model is gaining support in South Africa, with the premise that free education must be made available to the poor and ensuring that the wealthy paid their share.

Wangenge-Ouma (2010) notes that in South Africa, with the shift from an elite to a more representative student population, the needs are greater, and must include the full package for the poorest in our society. In their empirical research, Mngomezulu *et al.* (2017) show how the lack of experience and inability to handle money responsibly, proved to be a huge challenge for students who receive financial assistance, especially where students do not have the requisite skills to manage such funds. It is evident that students would benefit from prior training in and orientation to money management and budgeting as a life skill before transitioning from high school to further education. A pressing question is who higher expenditure benefits; the individual (private returns) or the society (social returns). This is considered in the next section.

Public and private goods - returns to education

Higher education is arguably both a private and a public good, and there is a trend worldwide to expect individuals to pay more for the costs of their higher education. As noted earlier, decreases in state expenditure on higher education meant that student fees had to be increased to compensate for the lack of income. The profitability of investing in education can be calculated by undertaking a cost benefit analysis which reviews the social and private returns to education.

Higher education has a major effect on economic development and private returns. In sub Saharan Africa, returns to tertiary education are higher than returns to schooling, and South Africa has one of the highest returns to higher education in the world. Psacharoupoulos and Patrinos (2002) show that rates of return for all levels of education in sub Saharan Africa are the highest in the world, with the private returns on higher education being especially high. Very little research on this issue has been done for SA, but some earlier research (Psacharoupoulos, 1994) does show that the social returns to education at all levels is higher than the rest of the world. In South Africa, higher education brings considerable rewards to post matric qualifications, in terms of both wages and employment opportunities. So the private rate of return to education presents a persuasive argument for an increase in private fees, but the high social returns also indicate that investment in education is a profitable investment for the state since it impacts on positive externalities such as health and welfare (Villiers and Steyn, 2007).

Two factors preventing the effective development of the system is the slow growth and credibility of the post school system, the inefficiencies across the education system, and the concomitant capacity constraints. South Africa has high returns to graduate employment and high tax collection which could bolster the argument for low fees or no fees. But low graduation rates make this a less feasible option. Wangenge-Ouma and Cloete (2008) suggest that South Africa's higher education system can be characterised as low government investment and low effective participation with very high costs. It is highly affordable for the elite, relatively affordable for the middle class with loans and debt, and totally unaffordable for the poor. For South Africa to drive development and growth, government needs to invest more in tertiary education, increase participation with improved completion rates, and establish a differentiated fees structure.

Moreover, to effectively contribute to economic growth and development a much higher participation rate (in the realm of 30%–50%) is required in higher education, well above the current rate of 20%. A CHE report suggests that higher education needs “between twice and three times as many well-prepared entrants as the pre-tertiary sectors [schools and colleges] are currently producing – around 100 000 additional candidates”. But neither the schooling nor the further education and training (FET) college systems make this achievable in the “foreseeable future” (CHE, 2013, p.17).

Modelling funding equity - task teams and progress

Over the last five years, several Ministerial task teams and commissions have examined the chronic underfunding of higher education. These include teams led by Deputy President Cyril Ramaphosa (2012), Derrick Swartz, Vice Chancellor of NMMU (2013), Sizwe Nxasana, Chairperson of NSFAS and the CEO of FNB (2015), and the CHE (2016). In November 2015, amid nationwide student protests over fees and funding, the President appointed Judge Heher to lead another commission to investigate the funding of fee-free higher education. The findings of this commission are yet to be publically released. The general remit of these teams, committees and commissions was and is to assess the possibility and promise of free tertiary education. The investigations have differed in their origin and scope; some being initiated by government, and others outside of this.

Alongside these deliberations, independent researchers along with civil society organisations, USAF, NSFAS and a number of tertiary institutions have built up a significant body of knowledge on higher education funding (Motala, 2016). A number of models have been presented, with different scenarios, including their likely impact in a context of low economic growth with a constrained fiscus. Questions have been asked about the viability of the current funding model, and about whether, in a developing country, free higher education is affordable or even desirable. Current mechanisms for dispensing student financial aid are also under intense scrutiny; and a more equitable allocation of resources for the entire education sector, one which is viable, credible and inclusive, is being considered. The relationship between poverty, access to quality education, and societal change has put such systemic issues into sharp focus.

Among the substantive proposals from these investigations are a review of the NSFAS funding model, an increase in the tax base, a graduate tax or a notional loan scheme payable on employment, a wealth tax, a corporate tax, and an increase in the skills levy. There seems to be unequivocal consensus that any new funding model must be based on a social justice approach – simply put, no academically achieving and deserving student should be excluded from university because they cannot afford it. Publicly funded tertiary education for the poorest in our society, who meet the criteria for academic merit, must be made available as soon as possible. There is also agreement on certain key principles, which has shifted the discourse in a distinct manner: for example, that full cost provision for the neediest students must include accommodation, food and books; that the ‘missing middle’ students who are outside the NSFAS criteria must be supported through a combination of grant and loans to guarantee their access; that funding for higher education must increase, and that a possible revision of the GDP contribution from 0.7 % to 1%–1.5% must be considered. Undoubtedly, the diverse skills needs of our society and economy require serious attention to the entire cohort of young people in the 18–24 age group, and their learning needs (Motala, 2016).

Students have put into sharp focus the inequalities in our society, and demonstrated their deep frustration with numerous inconclusive funding review processes alongside poor governance, corruption and wastage. At the same time, the student movement appears fragmented, and their ultimate objective is not clear. To end the impasse, proposals need to translate into firm and achievable short, medium and long term commitments.

Some of the proposals which require serious consideration are:

- For 2018, the conversion of the current NSFAS loan scheme to a grant scheme for students whose parents are in the income bracket of R120 000. This must be available to all students who are eligible in terms of academic merit.
- Between 2017 and 2018, the grant and loan scheme for the ‘missing middle’ (whose parents earn between R120 000 and R600 000) should be implemented, using the model of the Ikusasa Student Financial Aid Scheme, based on a public-private partnership model.

- The principle that those who earn above this threshold should pay fees and increases, must be maintained, thereby releasing more resources for poor and less affluent students.
- Ensuring that the historic debt does not financially exclude students from entering academic studies in 2018, if they have succeeded academically in 2017.
- Concluding by August 2017 a medium to long term plan for equitable funding for quality higher education. This would include reviewing the tax regime, the skills levy and the GDP allocation, and improving loan recovery, against the backdrop of the economic impact of such reforms.

The macro funding principles embedded in the above commitments are cost sharing, efficiency and quality, and education as a public good. The degree of consensus on the above, provides a mandate for Treasury, DHET and all key stakeholders to apply innovative and new thinking to the funding of higher education. And all can claim the victory for the provision of publicly funded higher education for the most needy in our society. This will go a long way to contributing to the much needed stability we require in our increasingly fragile higher education sector. Mngomezulu *et al.* and Whitehead, through empirical review, case studies, policy and literature review, and provide a nuanced understanding of equity, equality and the provision of higher education funding , contributing meaningfully to the above discussion.

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