



## THE UNIVERSITY EDUCATION CRISIS: OPTIONS FOR IMPROVEMENT

### Introduction

The university protests that spread like wildfire in 2016 seem to have abated. It may be that university management and student leaders have found each other, or this could just be a false lull while tremors are building up from below. This is the right moment to think about long term solutions to avoid another lengthy confrontation and the loss of valuable time, especially given that one of South Africa's main challenges lies in education.

All of the core problems that have sparked mass protests across universities for the past two years still remain unresolved today. High and rising fees, extensive costs for accommodation and living expenses, and a broader economic structure deeply riven by inequality, all leave far too many students struggling to remain enrolled in university, and erode their ability to access quality jobs tomorrow.

The state is over-stretched and heavily indebted. It is also under pressure on all fronts to deliver services and expand job opportunities. With the sovereign downgrade likely to drive up costs, and with the nuclear deal still on the horizon, strain on public resources could yet be more intense. The body in charge of the reform process - the Fees Commission - has made some progress, soliciting a range of opinions on how to resolve the education crisis and attempting to develop a platform of debate upon which solutions can be built. But, in light of the country's intense economic strain, it is difficult to see how change in higher education will come about.

Positions among various stakeholders remain starkly polarized. Student leaders, by and large, continue to maintain extreme positions, calling for free education without providing any credible mechanism on how this could be offered. At times, students strike a nihilistic tone, and seem to maintain resistance for its own sake. On the other hand, government has relied on the

Commission, and vaguely crafted propositions. The spread of corruption in the state makes it difficult to convince students that there are no resources to meet their demands. State capture is a big elephant in the room.

The proposals that already coming out include a reworked student loan system, a graduate tax: higher taxes on the rich to pay for higher education, and an alternative focus on promoting technical skills rather than changing university fee structures. All these positions have merit, conceptually, but no one has demonstrated convincingly how they would be realised practically. The real world is far messier, and the immediate demands of the divide on university education require more immediate responses that are suited to the delicate political situation in which we find ourselves. With that that in mind, three core issues must be addressed.

### Solutions to consider

First, discussions need to begin in earnest around what a successful intermediate solution would look like for the year. The 2016 protests were preceded by what seemed to be a genuine attempt by the Department of Higher Education to avert further unrest. The offer of a freeze on fee increases for those from families earning under R600,000 was a positive step forward, and one that perhaps was not given full attention by a student movement that was primed for protest. Given their transient nature, students tend to focus on short-term solutions, even if these are not realisable. Even where they propose long-term solutions, these are viewed through the lens of short-term pressures and demands.

There are several issues that students could have proposed that presents their agenda in more respectable terms. Some of these might amplify their core issues, such as demanding a reduction in fees in 2017. But others could address other costs factors that affect students. These could include issues such as increasing the subsidy for accommodation or improving the availability of transport infrastructure, and rollout of a student medical insurance programme.

Second, government needs to start making changes to the institutional framework that oversees higher education. These changes are needed regardless of what direction is ultimately taken on fees, and could help in the short-term. University funding is calculated by a mix of channels, as can be seen in Table 1 below.

Source	Description	Share of Subsidy in 2016/17
<b>Block Grants</b>		
Teaching inputs	Subsidy based on number of students enrolled, weighted by level of education, subject of education, and whether a distance or contact student	43.05%

Institutional factors	Special grants based on the size of the university and the proportion of students from disadvantaged backgrounds	3.84%
Actual teaching outputs	Subsidy based on number of students graduating, weighted by the level of degree	10.99%
Actual research outputs	Subsidy based on number of research outputs, and number of Masters and Doctoral graduates	9.98%
<b>Earmarked Grants</b>		
NSFAS	Funding for NSFAS Student Loans	13.50%
Infrastructure & output efficiencies	Grant to expand and improve university infrastructure, based on plans submitted by universities	7.58%
Capital funds for new universities	Funding for two new universities: the University of Mpumalanga and Sol Plaatje University.	3.30%
Operational funds for new universities		0.66%
National institutions in two provinces		0.00%
NIHE Northern Cape Pipeline Students		0.03%
HDI Development grant	Additional funds provided to seven historically disadvantaged universities	1.36%
Research development	Grant to improve research results	0.66%
Teaching development	Grant to improve educational results, based on average success rates at universities	2.03%
Foundation provision	Grant to provide support to students from poor educational backgrounds, who may require extended/foundation programmes	1.00%
Merger multi-campus	No longer active, previously used to merger multi-campus universities	0.00%
Clinical training of health professionals	Grant based on submission of clinical training plans	1.42%
Veterinary Sciences	Mostly funds the University of Pretoria's animal hospital, which is otherwise not funded by any other department	0.47%
Institute for Human and Social Sciences	Funding for NIHSS, which aims to promote and advance social sciences in South Africa and beyond	0.08%

African Institute for Mathematical Studies	Funding for AIMS, which offers a Masters degree in mathematics on behalf of three provinces	0.02%
Interest and Redemption on loans		0.01%
Sector Monitoring and Evaluation		0.03%
<i>Adapted from: National Treasury. 2014. "Ministerial Statement on University Funding: 2015/16 and 2016/17"</i>		

The largest share of funding - 43% in 2016 - is derived from teaching input grants, which are calculated based on a complex formula in which different students are considered to need more inputs, and thus receive more financial support. There are three factors that determine the funding: the level of study (undergraduate, Masters, etc.), the subject of study (education in one category, agriculture in another, etc.), and whether a student is a contact or distance learner. The funding differences are large, with a graduate student in health sciences receiving a subsidy 14 times larger than an undergraduate student in education. This system does make some sense. It builds in an appreciation for the differential costs of learning by subject, and offers support to the development of graduate students, a vital source of knowledge for any country. Nevertheless, in the current climate, it does need to be reconsidered.

The primary point of exclusion is concentrated at the undergraduate level. Graduate students have many additional options for funding and study opportunities, because they have a record of their academic performance that can open further doors. Graduates are also in the system already, making it easier to directly assist them through counselling and support measures. Shifting the weighting to more substantially favour undergraduate students would rebalance the core block funding grant to universities away from a cost-based model, and towards a needs-based model. It would require a difficult adjustment of enrolment plans and additional funding, but it would be a way to move the current system closer to the demands of the students.

A similar logic could be applied to the teaching output grants, which may incentivise better performance, but which do not target the admissions problem. In addition, by basing funding on graduation rates, the system places universities that get their students from less resourced areas at a disadvantage, as poorer students are less likely to have a solid base of quality high school education to build on. Other funding channels, notably those regarding research, need to be protected. Others still, such as the infrastructure block grant, have an ambiguous relationship with the protests: on one hand pulling funding from fees support, on the other providing funding for the type of infrastructure, notably residences, that can reduce student costs. Regardless, the overall system has a fragmented set of objectives, at a time when students are demanding focus on one core issue: access to university, and for free.

Third, and turning now to the core issue of the crisis: decisions need to be made on fees. This is the basis for the establishment of the Fees Commission. The major sticking points are: how we

finance university education? And to what extent fees change (are they reduced to zero or some intermediate point or not at all). Both have a range of suggestions around them - some useful, such as the introduction of a graduate tax; others unworkable, such as the introduction of a windfall tax on mining companies, which are struggling already. At the very least, the tax code would need to be rewritten, a complex proposition and one that would have to be applied in the midst of already severely depressed tax revenues.

## **Conclusion**

As a first step towards resolving the education crisis, all sides should rally around a pledge to make university education free for the poorest half of the country. This would be a powerful step in giving higher education opportunity to those who come from tough socio-economic conditions. This would be good for government, as it would demonstrate real commitment to change. For the student movement, it would counter perceptions that the movement is a middle-class revolt rather than a working class revolution, and would give them a huge first victory in the struggle for fairer university fees.