



**UNIVERSITIES
SOUTH AFRICA**

UNIVERSITIES SA

**ADVANCING PUBLIC HIGHER EDUCATION
VOICE OF SA'S PUBLIC UNIVERSITIES**

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Chief Executive Officer**

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Presidential Commission
Durban

USAf is THE VOICE OF HIGHER EDUCATION

engaging

government
industry and business
the public sphere

engaging

global higher education
other S African knowledge intensive institutions



UNIVERSITIES
SOUTH AFRICA

USAf SERVES UNIVERSITIES THROUGH

Policy engagement and development

Advocacy

Deepening USAf's roots within the universities



preamble....HIGHER ED IS FUNDAMENTAL TO NATIONAL DEVELOPMENT STRATEGY

1. Building competitive local and national economies
2. Shaping and contributing to our nation-building projects
3. Addressing deep socioeconomic inequalities through creating the conditions for social mobility
4. Addressing the national social justice agenda through its research and teaching

preamble....SOME NUMBERS

	Graduates	STEM Graduates
2012	165,986	48,848
2014	185,375	55,574

Decline in dropout rates

Increase in graduation rates

Number of students in 1994: $\pm 500,000$

Number of students in 2014: $\pm 1,000,000$

% African students: 72%

% Women students: 58%

Success Rates: 82% (Contact)
68% (Distance)

preamble...A CRISIS OF FUNDING

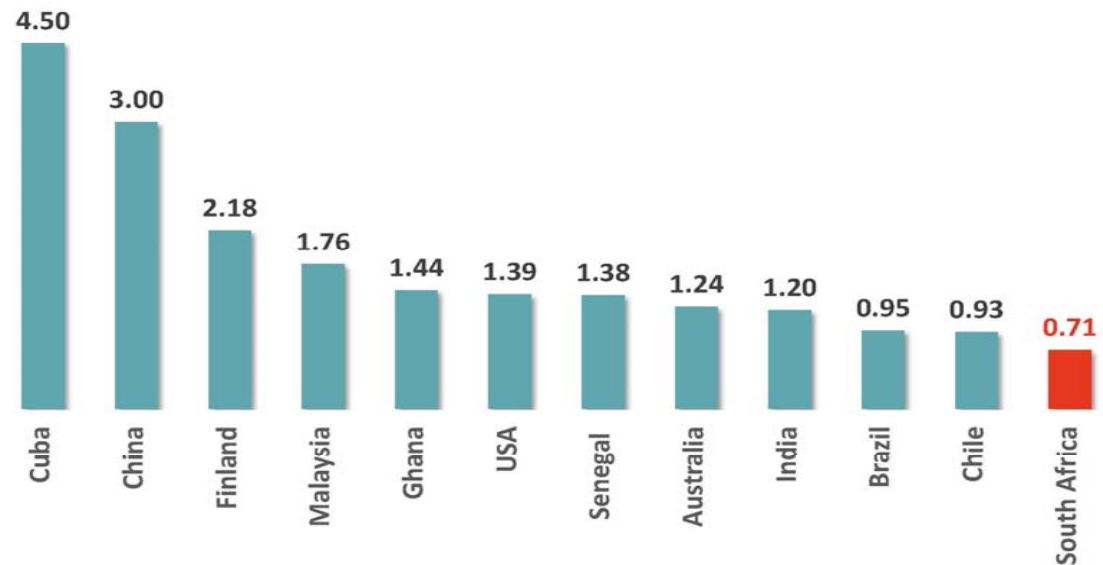
This is a historic crisis

Estimate for 2014/2015:
ratio has slipped further to
0.64

Gradual slide in staff to
student ratios

**DECLINING SUBSIDY/FTE
BEFORE INFLATION IS
TAKEN INTO ACCOUNT**

Expenditure on higher education as % of GDP, 2012



Compiled by Charles Sheppard
Source: OECD (2016), Public spending on education (indicator). doi: 10.1787/f99b45d0-en (Accessed on 12 May 2016)



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principles....AS WE THINK OF STUDENT FEES

- Institutional autonomy
- Accountability
- Universities must maintain high levels of quality
- Contribution of sector to the national social justice agenda
- Universities produce public goods to be funded through public fiscus
- Universities produce private goods to be funded through private investment
- Although much progress has been made universities must improve efficiency

Articulation of sector with national developmental strategy

model 1....FINANCIAL AID AND LOANS

1. Students accepted for study at universities and who meet the means test will receive a grant for full cost of study from NSFAS
2. Students in the 'missing middle' accepted for study at university will receive a NSFAS/ISFAP loan for up to the full cost of study
3. Students in the category of those above the 'missing middle' threshold will pay fees
4. A national fee regulatory framework will be necessary
5. Universities will work closely with DHET on maintaining alignment with the Institutional Alignment Plans
6. Possible downside: high growth levels of student debt

model 2....A GRADUATE TAX

APPLIES IN A FEE-FREE REGIME

- Depends on argument that private goods will be paid for by private investment and public goods through the public fiscus.
- No student accepted for study by a university will be excluded on financial grounds.
- Private goods component of university funding will be covered through a Graduate Tax.
- All individuals who have a HE degree or diploma will pay an x% on their personal tax whether they are employed or self-employed.
- Ring-fenced amount will be directed back at higher education to cover the cost of private goods component. It will be an efficient 'fee-collecting' system.
- It will partially address the 'inequality' challenge.
- Downside: increased tax burden, dependent on state of economy, South Africans abroad will skip the tax.



further suggestions....TAXES AND LEVIES

- Improved tax incentives regimes to encourage individual and corporate giving to HE.
- Industrial sponsorship of student funding through levy or tax system.
- Deployment of skills levies in a consistent and direct way within relevant industrial sectors in form of grants, loans or scholarships.
- The construction of specific social bonds to address student funding.



THANK YOU



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