

DURBAN UNIVERSITY OF TECHNOLOGY

Submission to Commission on Fee Free Higher Education

Higher education context

The Higher Education context in South Africa is framed and well-documented in various ways, including the following:

- Constitution of South Africa;
- Government legislation on the post schooling system, university statutory rules and regulations;
- Policy documents and plans;
- Funding statements;
- Commissions on HE, including on free education for the poor;
- Transformational imperatives for the sector;
- Economic imperatives including scarce skills, HE contribution towards National Development Plan (NDP);
- Social justice and democracy

Some of the characteristics of the sector, include the following:

- Increasing participation in HE as per ministry's national enrolment plans;
- High dropout rates, particularly at first year level, leading to inefficient sector;
- An under-funded sector, with declining subsidy levels;
- Inequities in the funding of universities exist;
- The provision of higher education is becoming increasingly expensive and unaffordable to most, compounded by a sustained decline in economic growth;
- A burgeoning class of self-payers who find themselves unable to continue paying for HE (missing middle);
- NSFAS, the mechanism of sharing of costs between private beneficiaries (students) and the state, remains challenged in terms of delivery and adequate funding;
- Institutional autonomy and accountability are highly contested issues and remains an important tenet of universities;
- Student activism is not a new thing, but the scope and magnitude is on an increase;
- Transformation, a key imperative of HE, remains slow.

Justifications for fee free HE

Given the above context in which HE and post school education finds itself, the imperative of social justice concerns are at the heart of the consideration of fee free HE.

It is acknowledged that education, and especially HE, has the ability to take a significant number of citizens who have been previously disadvantaged and empower them from an economic point of view.

Increasing access to HE for the poor and those from previously marginalised communities in the face of increasing tuition fees thus requires a new approach to the funding of the HE sector.

Given the country's history, there is a compelling transformative rationale for fee free education.

DUT context

Durban University of Technology (DUT) has a rich history of more than one hundred years as a place of vocational and higher education. A product of a voluntary merger between two technikons, M L Sultan Technikon and Technikon Natal, the institution is now in its 15th year of existence.

DUT is a medium-size inner-city institution straddling two cities, Durban and Pietermaritzburg, comprising six faculties on the two centres (Durban and Midlands). It is a multi-campus institution with seven campuses.

Who are our students? (See supporting statistics in Annexure 1)

A large percentage (~97%) of our headcount enrolment of 26346 students is enrolled in undergraduate diplomas and first degrees. Results from a South African Student Survey on Engagement study carried out in 2010 showed that 76% of the DUT sample were first generation university students; a large number of whom were from educationally disadvantaged schools. Only 16% indicated that English, the language of instruction, was their home language.

Our student body makeup is as follows:

- Enrolment for qualifications shaped between the broad fields of Science, Engineering & Technology (SET) - 47%, Education - 33%, Business - 18%
- 48.1% female, 51.9% male students.
- 81% African, 1% Coloured, 11% Indian and 2% White students.
- 80% disadvantaged students, drawn from lower LSM categories.
- They are predominantly 1st generation students, who
- Come largely from deep rural and peri-urban communities.
- Our students are affected by numerous challenges and obstacles, resulting in a high dropout rate of 22% (Annexure 1, Table 1).
- Our African student success rate is 82%, which exceeds the DHET target of 75%.
- Our student graduation rate is 25% which exceeds the DHET target of 22.5%.
- Our student debt is high with an accumulated provision of R291 million plus DUT loans of R64 million, totally R355 million.

What are our challenges in respect of student fees and university finance?

There remains a heavy reliance on NSFAS funding for our students despite the number of students who receive funding from NSFAS declining from a high of

15227 in 2011 to 7122 in 2015. This development no doubt poses a significant risk to the University (see Table 6 in Annexure 1).

Given the makeup of our students and their need for financial aid (80% disadvantaged students, drawn from lower LSM categories), we have kept tuition and residence fees as low as possible. The consequence has been felt in the long run sustainability of the institution. The additional risk for DUT as would be the case for any other higher education institutions is the declining state subsidy. Also likely to impact on university finances in the not too distant future is the debates/discussions around the insourcing of previously outsourced services such as cleaning and security.

Our tables in Annexure 1 also point to the number of self-payers (Table 4) and the percentage of the total income, the number of students who are on University administered bursaries (Table 5) and students who are on company sponsored funding arrangements (Table 3).

What are our experiences?

Much of our protest action over the years can be directly attributed to the issue of fees.

The University has always tried to resolve the fee payment difficulties by accommodating the students through various strategies, including loan agreements. Unfortunately these various accommodative measures only postpones the debt of students and resulted in the build up of bad debt of the University, which cumulatively stands at R355 million. We have a large number of students who graduated but did not receive their certificates due to outstanding debt.

Additionally, given the modus operandi of NSFAS funding, poor students also generate debt to the University. These tend to occur either through failing and repeating courses for which there is no NSFAS funding, hence it requires a relook at the NSFAS funding model. The debt, unfortunately, belongs to the University.

This itself, sometimes contributes to students dropping out or stopping out.

What are the potential unintended consequences of fee free higher education?

Fee free education for all will engender gross inequities. There is research evidence to show that the rich and those that are connected to the governing elite of the country are more likely to benefit from the fee free education.

This is especially in the context where there are huge disparities in South Africa at a schooling level, with the children of poorer families attending schools which are unlikely to contribute to the university system.

Therefore it is incumbent to have an equitable fee free education system that targets those who are most in need and which also provides some tax relief for the self-payer who pays his/her own higher education fees at a government

funded university. This will be in line with our medical aid and pension tax relief that benefits every citizen of the country.

From the DHET/government funding perspective, the challenge is optimising the available funding to ensure a large number of quality graduates while still addressing the huge issue of inequalities of opportunity. As with most optimisation problems, the real problem is in deciding what we want to optimise.

DUT's views on fee free education

1. In our consideration of fee free HE&T, we have limited our scope to a consideration of university education only, by which we mean undergraduate programmes (certificates, diplomas, undergraduate degrees).
2. We do not support a total fee free education for **all** undergraduate university students.
3. However we recognise the need to take South Africa's historical legacy into account in addressing financial support to students. We support a formula based notion of 'fee free' higher education for the poor and indigent based on family income and this formula could also be extended to accommodate the 'missing middle'. This "so intended fee free higher education" for those that qualify must be recovered through some form of additional tax once these recipients graduate and begin working.
4. We recommend that measures are put in place to manage recipients of fee free higher education who depart from the system before completing their qualification.
5. We consider fee free to mean full cost of study, thus including registration and tuition fees, meals and accommodation, books/associated resources, and travel costs.

Submitted by: Dr Gops Chetty, Senior Director: Policy, Planning & Projects
On behalf of: Durban University of Technology
Willing to present oral submission: Yes

Attachment: Annexure 1

Table 1	Year on Year Dropout Rates of First-time Entering 3 and 4 Year Programmes
Table 2	Cohort Study of First-time Entering National Diploma Students for 2007 to 2011
Table 3	Sponsored / Firm to Pay students
Table 4	Self-paying students 2011-2016
Table 5	University Administered Bursaries 2011-2016
Table 6	NSFAS allocations

Annexure 1

Table 1: Year on Year Dropout Rates of First-time Entering 3 and 4 Year Programmes

Year	No. First-time Entering	No. Returning the following year	No. Dropout Out	Dropout Rate
2011	5704	4786	918	16%
2012	5 469	4 590	879	16%
2013	6 207	5 046	1 161	19%
2014	6 752	5 252	1 500	22%
2015	6 978	5 409	1 569	22%

Table 2: Cohort Study of First-time Entering National Diploma Students for 2007 to 2011

Year	No. First-time Entering	Dropout Rate	Throughput Rate			Still in Progress in the 6th year
			Min Time	Min Time + 1	Min Time + 2	
2007	3 944	43%	29%	14%	8%	7%
2008	4 518	44%	25%	15%	9%	8%
2009	4 981	45%	24%	16%	9%	6%
2010	5 806	41%	27%	16%	10%	6%
2011	5 103	39%	31%	17%	8%	5%

Table 3: Sponsored / Firm to Pay students

Year	2011	2012	2013	2014	2015	2016*	Total
Value	R16,5m	R20m	R17,2m	R28,1m	R36,6m	R57,3m	R175,7m
No. students	1077	1172	903	1148	1300	1649	7249

* as at 30 April 2016

Table 4: Self-paying students 2011-2016

Year	2011	2012	2013	2014	2015	2016*
Value	R158m	R281m	R390m	R407m	R428m	R395m
No. students	8536	11699	13506	16990	18584	20069

* work in progress, as at 30 April 2016

Table 5: University Administered Bursaries 2011-2016

Year	2011	2012	2013	2014	2015	2016*	Total
Value	R 912 115,60	R 1 979 858,25	R 1 676 188,64	R 1 056 930,00	R 1 147 647,00	R 900 367,00	R 7 673 106,49
No. students	143	404	464	306	362	201	1880

*as at 30 April 2016

Table 6: NSFAS allocations

Year	2011	2012	2013	2014	2015	*2016
Amount awarded	UNKNOWN	UNKNOWN	R 315 366 110	R 294 705 987,61	R 303 822 370,80	R 294 181 787,42
Amount allocated	R 284 219 801,00	R 272 659 049,00	R 305 884 061,00	R 277 271 509,15	R 273 127 556,00	work in progress
Students funded	15227	12004	11650	8334	7122	

* Currently awarded amount is R61 423 540,00 for 4535 students as at 30 April 2016