



Rhodes University Presentation to Higher Education Fees Commission



HE access is an issue of social justice

- Provides graduate returns in form of employment and social mobility – massive **private goods** accessed through higher education
- But benefits of HE are not only to those who study within it. HE provides a **public good** for the country as a whole
- We live in a **knowledge economy** where advanced skills and complex problem solving capacity is crucial for the stability of the country

Universities are key to knowledge production

- Research focused on social problems
- Blue sky research that drives progress
- Research production is a major public good contribution of our universities. A country without a vital and advanced research engine is one reliant on others for its stability and progress

Social cohesion

- Universities cannot alone attend to schisms in post-apartheid society but they do provide a space of transformative potential
- Access to the private and public goods of a university cannot be constrained to the financial elite
- Broad access to higher education is a moral obligation
- Access to HE is already skewed by our uneven school system

Uneven access to HE

- 57% of white South Africans access post-school education
- 14% of black South Africans access post-school education (CHE 2016)
- Multiple explanations for this uneven participation but finances are the key to increasing participation

Rhodes University

- Small – no economies of scale
- Quality teaching – best throughput rates cost money
- Quality research – continued increases in output cost money
- Rural – students therefore not only have to pay fees, they have to find accommodation. Highly residential system – expensive

- Undergraduate fees – R27 000 to R46930 per year
- Accommodation and meals – R48100 to R50500
- Total cost of between R80000 and R100000 per year, excluding transport, toiletries and clothing.

- This is out of reach for the majority of South Africans

Missing middle

- The wealthy few can afford fees, the upper middle class have the collateral to access a bank loan, the poorest can access NSFAS
- The majority of South Africans sit between these categories and are denied access to higher education by the crushing fees



“It is my personal mission to strive to ensure that no academically talented, but financially needy student is turned away from Rhodes University” Dr Sizwe Mabizela, Vice-Chancellor of Rhodes University: Inaugural address, February 2015.

Costs of quality transformation

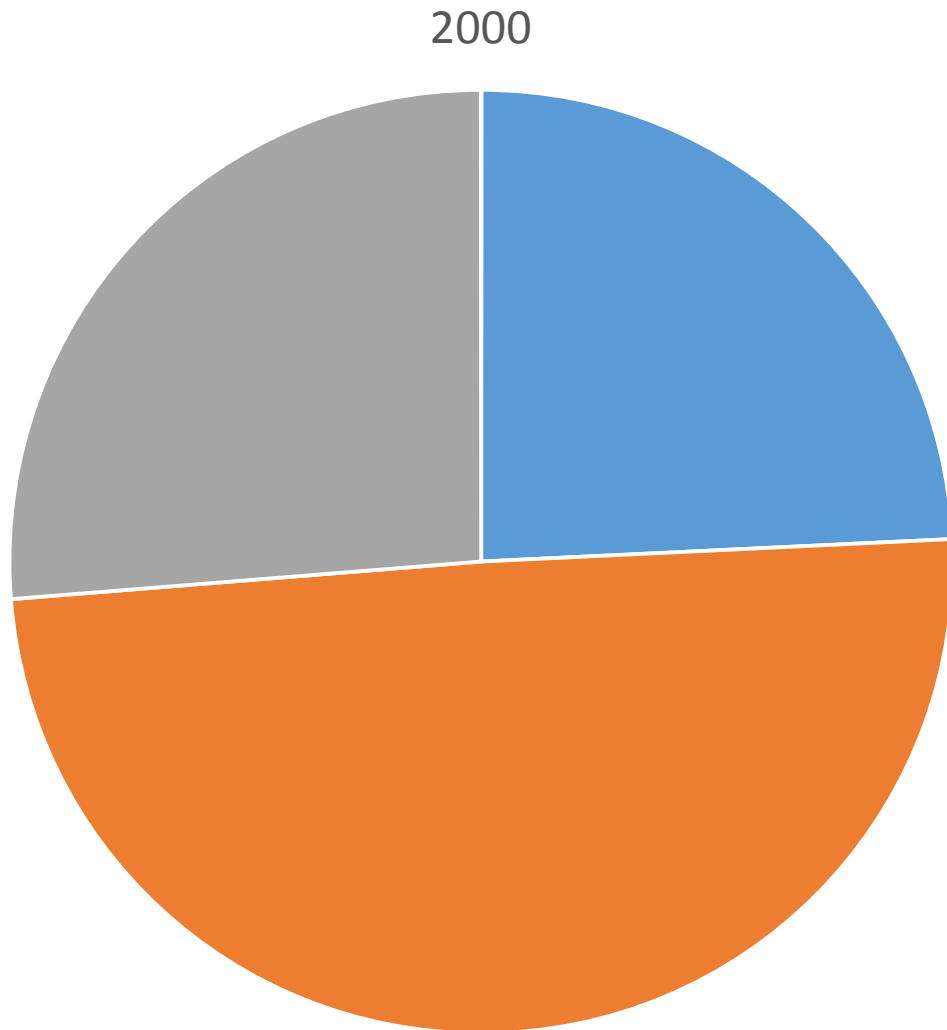
- Need for re-curriculation for more inclusive programmes
- Need for transformation of staff demographics
- Need for better support of students to ensure they are not just provided physical access to the universities but also epistemological access to the knowledge within it
- This all costs money.

Funding of HE in South Africa

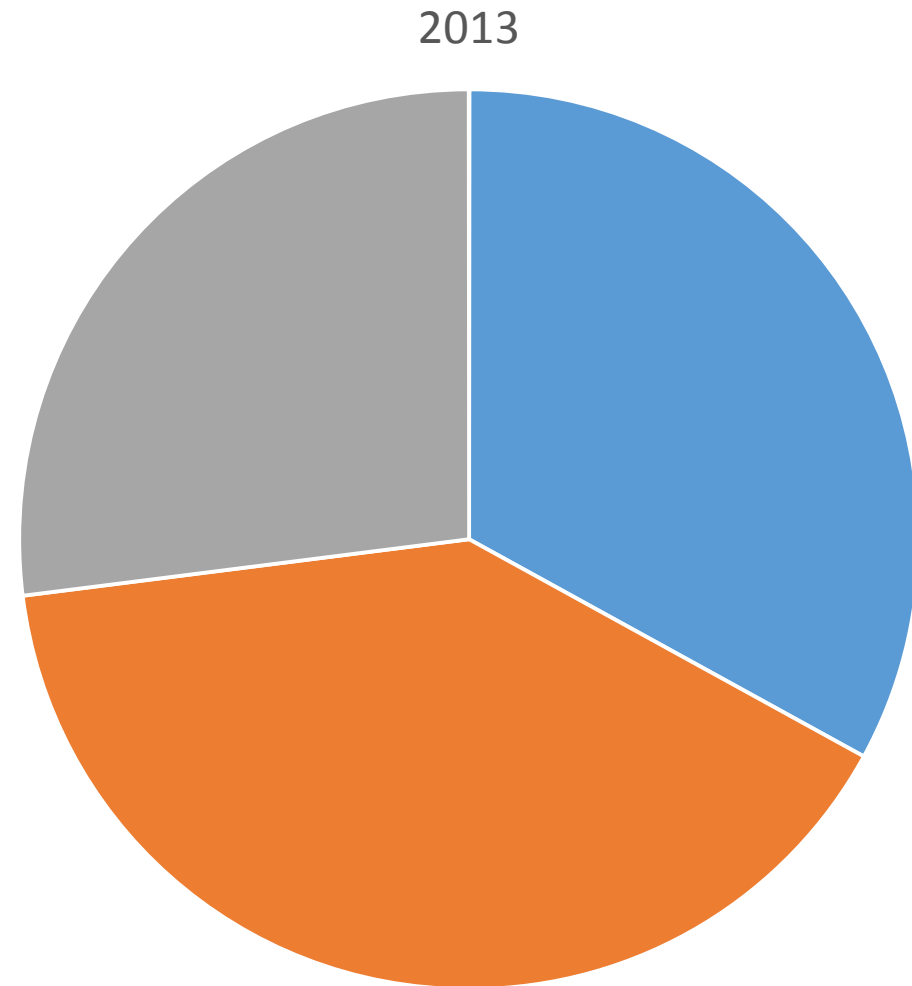
- Percentage of universities' budgets from the state has consistently decreased.
- SA government spends 0.7% of GDP on Higher Education
- OECD average is 1.5% (OECD report 2015)
- Chile, Korea, China, USA spend between 2.3% and 2.8%

- We need to double state funding to just to reach average

Funding of HE in South Africa



■ Student Fees ■ State Funding ■ Third Stream Income



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Decreases in state funding have been made up by increases in student fees.

The burden of underfunding of higher education has been borne by students.

Third Stream Income is not the solution

- Universities have succeeded in maintaining their third stream incomes during difficult economic times.
- Expecting the shortfall to come from this kind of funding has enormous consequences for quality.
- The focus on public good initiatives will be relinquished in favour of income generating activities.
- Teaching quality will be impacted by academics undertaking more consultancy work.
- Direct industry funding of research constrains it to profitable projects.
- Furthermore not all universities have equal access to third stream income possibilities because of historical, geographical and capacity restrictions.

Implications of zero% increase already felt

- 66% of SA academics are on short-term or part-time contracts (CHE 2016) with enormous quality implications
- Other projects, such as NGAP and University Development Grants, should not be plundered to make up the shortfall.

Rhodes University supports students' protests that higher education is financially inaccessible and that this is an issue of social injustice

Cutting corners is not the solution

- Cutting costs has major quality implications for our universities
- We have parallel health care systems – private for the wealthy and public for the poor
- We have parallel schooling systems – private for the wealthy and public for the poor
- We have parallel policing systems – private for the wealthy and public for the poor
- We have parallel transport systems – private for the wealthy and public for the poor
- OUR HIGHER EDUCATION SYSTEM IS THE LAST PUBLIC SPACE USED BY ALL CITIZENS
- This is essential for social cohesion and for the universities to serve as both private and public good
- This is coming to an end as those who can afford private higher education are moving to this rapidly growing sector in a search for quality and stability.

Fee free versus free for those who cannot afford HE

- HE cannot ever be 'free'. It is a national project and it is expensive.
- The money has to come from somewhere.

- Current state funding of universities is nowhere close to sufficient
- Current state funding of students through NSFAS is nowhere close to sufficient.

- Both need major and radical revisions in funding as a matter of urgency.

Should poverty stricken taxpayers pay for rich South Africans to study?

- If the entire HE budget is paid for by the taxpayers, this will entail a regressive subsidy of the wealthy by the poor.
- While the idea of 'free' higher education is popular, it privileges the elite in a mockery of a 'pro-poor' policy.
- Why must the VAT paid by someone in a squatter camp pay for the millionaire's son to attend university?

Additional sources of funding

- First and foremost is the need to double state funding of HE in block grants and in NSFAS allowances.
- This should increase access *with* quality
- Employer donations to bursaries – but not sufficiently streamlined and employers do not get to select recipients
- Section 10(1)(q) only allows provision of R40 000 per annum to relatives of employees earning less than R400 000. This needs to be urgently trebled and widely marketed.
- UIF reserves of R90 billion – given the employment benefits of university education, HE is a suitable recipient of some of these funds.
- SETA and Skills Development Levies.
- The funding of higher education is a **national issue** and not a DHET one