

Presentation on submission to the Commission of Inquiry into Higher Education and Training

Dr Michael Cosser

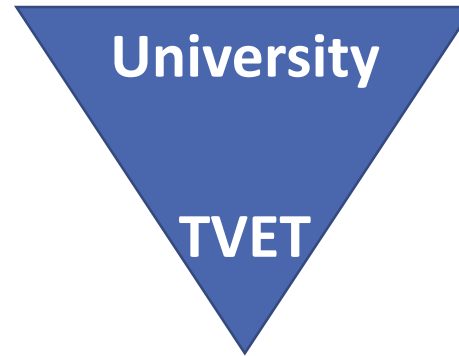
10 November 2016

Structure of presentation

1. Higher education (HE) context
2. Reasons for submission to the Commission
3. Premises upon which submission is based
4. Student fees model: spreadsheet
5. Student fees model explained
6. University education (funding) in the context of education system (funding)

Higher education context

- Inverted triangle phenomenon:



- Preponderant focus on high-skills development
- Failing FET / TVET sector
- Clamour for access to HE, due to:
 - Opening up of education opportunities post-apartheid
 - TVET college failure
 - Employability

Reasons for submission to the Commission

- Myopia and short-termism of student demands for no fee increases for 2017 (and beyond?) and for free HE
- Opportunism of student demands and political party capitalisation
- Student protest as a proxy for regime change: targeting vulnerable governance arrangement (divide-and-rule)
- HE and inequality
- Need to consider longer-term solution with equitable outcomes

Premises upon which submission is based

- Pay according to one's means: equitable, morally defensible, honourable
- Misuse of Gini coefficient: extremism
 - Gradations of wealth / poverty which traditional socio-economic status (SES) divisions fail to reflect

Student fees model: Spreadsheet

| Decile | Annual household income | % of fee payable | Actual fee payable | % distribution of households by annual income per quartile | Students in each income quartile | Income generated through fees |
|--------------|-------------------------|------------------|--------------------|--|----------------------------------|-------------------------------|
| 10 | 750,001- | 119 | 59,500 | Upper: 7.3 | 73,000 | 2,171,750,000.00 |
| 9 | 411,101-750,000 | 100 | 50,000 | | | 1,825,000,000.00 |
| 8 | 314,751-411,100 | 80 | 40,000 | Middle: 48.3 | 483,000 | 4,830,000,000.00 |
| 7 | 218,401-314,750 | 55 | 27,500 | | | 3,320,625,000.00 |
| 6 | 122,051-218,400 | 27 | 13,500 | | | 1,630,125,000.00 |
| 5 | 25,701-122,050 | 10 | 5,000 | | | 603,750,000.00 |
| 4 | 17,201-25,700 | 4 | 2,000 | Low: 29.0 | 290,000 | 193,333,333.33 |
| 3 | 8,501-17,200 | 0 | - | | | - |
| 2 | 1-8,500 | 0 | - | | | - |
| 1 | 0 | 0 | - | No income: 15.4 | 154,000 | - |
| TOTAL | | | | 100.0 | 1,000,000 | 14,574,583,333.33 |

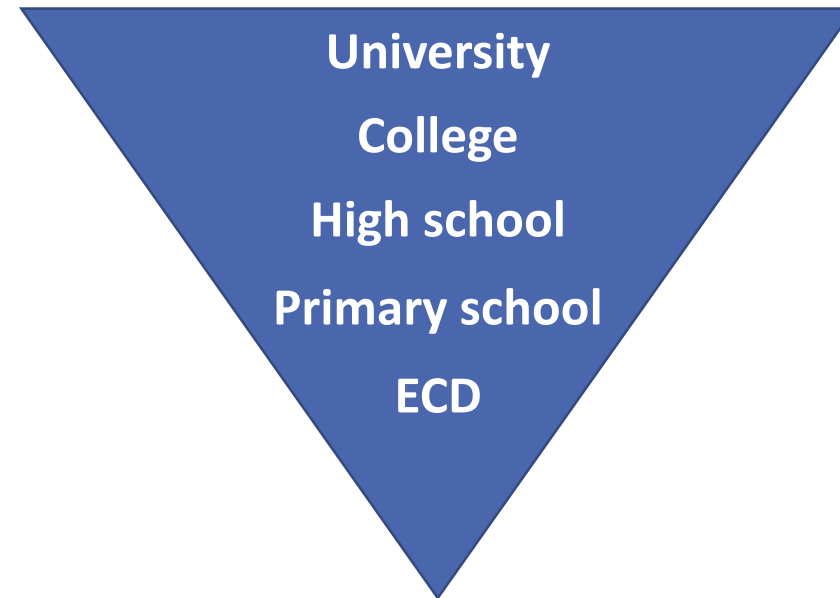
Student fees model explained

- All students pay fees according to household income
- Means testing to determine household income
- Calculation of annual household income by decile from 2011 Census income quartiles
- Assumptions:
 - Average tuition fee per student = R50,000
 - No. of students in university system = 1,000,000
- Income generated were all students to pay full fees = R50,000,000,000
- Income generated through implementation of model = R14,574,583,333 (29%)
- Shortfall = R35,425,416,667 (71%)

University education (funding) in the context of education system (funding)

- Reprioritise education sectors. This will, *inter alia*, ensure a sustainable pipeline of qualified HE entrants:

1. Early childhood development
2. Primary schooling
3. Secondary schooling
4. Post-school college education
5. University education



- Channel funding accordingly, focusing on teacher development and institutional management

University education (funding) in the context of education system (funding) (cont.)

- Right-size university sector:
 1. Ascertain the proportions of university students who drop out a) because of impecuniousness and b) because of academic ill-preparedness, in order to calculate the funding implications of this dichotomy.
 2. Achieve appropriate balance of university- and TVET college enrolments. This will:
 - Enhance intermediate skills development
 - Create a pipeline from college to university (cf., community colleges in the U.S.)
 - Take the funding pressure off universities through:
 - Reducing student enrolments and drop-outs
 - Reducing the cost of remedial education (foundation years, extended degree programmes, academic support programmes)

STUDENT FEES MODEL

| Decile | Annual household income | Average university fee per student | % of fee to be paid | Actual fee paid per student | % distribution of households by annual income per quartile | Students in each income quartile (n), assuming 1,000,000 students enrolled | Income generated through fees |
|--------------|-------------------------|------------------------------------|---------------------|-----------------------------|--|--|-------------------------------|
| 10 | 750,001- | 50,000.00 | 119 | 59,500.00 | Upper: 7.3 | 73,000 | 2,171,750,000.00 |
| 9 | 411,101-750,000 | 50,000.00 | 100 | 50,000.00 | | | 1,825,000,000.00 |
| 8 | 314,751-411,100 | 50,000.00 | 80 | 40,000.00 | | | 4,830,000,000.00 |
| 7 | 218,401-314,750 | 50,000.00 | 55 | 27,500.00 | Middle: 48.3 | 483,000 | 3,320,625,000.00 |
| 6 | 122,051-218,400 | 50,000.00 | 27 | 13,500.00 | | | 1,630,125,000.00 |
| 5 | 25,701-122,050 | 50,000.00 | 10 | 5,000.00 | | | 603,750,000.00 |
| 4 | 17,201-25,700 | 50,000.00 | 4 | 2,000.00 | Low: 29.0 | 290,000 | 193,333,333.33 |
| 3 | 8,501-17,200 | 50,000.00 | 0 | - | | | - |
| 2 | 1-8,500 | 50,000.00 | 0 | - | | | - |
| 1 | 0 | 50,000.00 | 0 | - | No income: 15.4 | 154,000 | - |
| TOTAL | | | | | 100.00 | 1,000,000 | 14,574,583,333.33 |

ASSUMPTIONS

1. All students to pay fees according to household income
2. Means testing to determine household income, every student to provide evidence (universities to have access to parent / guardian bank / other income-depositing institution [SAPO; stokvels; ...] records as appropriate)
3. Annual household income decile calculations: based on 2011 Census household income quartiles (Statistics South Africa, 2015) adjusted for 6% inflation per annum (2011-2016) and converted to deciles
4. Average tuition fee per student = R50,000.00
5. No. of students in university system = 1,000,000
6. Income generated were every student to pay R50,000.00 = R50,000,000,000.00
7. Income generated through implementation of model = R14,574,583,333.00 (29% of total)
8. Shortfall to be covered by the state: R35,425,416,666.67
9. Figures in the spreadsheet can be adjusted as required.

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 1-Oct-16

**SUBMISSION TO THE COMMISSION OF INQUIRY INTO HIGHER EDUCATION AND TRAINING
(THE FEES COMMISSION)**

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Person and / or entity on whose behalf the submission is being made: Self¹

Full list of source documents

referred to in the submissions: Statistics South Africa (2015). *Census 2011: Income dynamics and poverty status of households in South Africa*. Pretoria.

Willingness of such person or institution to present oral submission to the Commission, if called upon to do so: Willing

Language in which such person or institution shall prefer to make oral submission: English

Convenient timeframe and venue on which such person or institution shall be available to present oral evidence: By arrangement (flexible on time and venue)

¹ I.e., submission is being made in my private capacity.