



Synthesis Report:

High-Level Executive Summary of Key Findings and Recommendations for Consideration

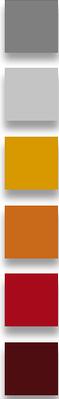
The 2015/16 Research Agenda

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PURPOSE OF THIS SUBMISSION

One of the key mandates of NSFAS, as codified within the NSFAS Act 56 of 1999, is to undertake research for the better utilisation of the NSFAS funding and to advise the Ministry on matters related to student financial aid. This mandate is realised through the inclusion of strategic objective two within the NSFAS Strategic Plan 2015 – 2020 and in the 2015/16 Annual Performance Plan. The intent of this strategic objective is to use the research findings from secondary research primarily as an input to decision making internally within NSFAS, and to potentially be able to influence policy.

The purpose of this submission is therefore to highlight progress against the agreed targets for the 2015/16 financial year, to draw highlights and trends from the extensive literature reviews and secondary research that has been done, and to provide a high-level overview of the policy and research issues that may need further consideration.

A SNAPSHOT OF THE RESEARCH UNDERTAKEN IN 2015/16

Five key research topics were identified by the NSFAS Executive Management as part of the approved operational plan for the 2015/16 financial year:

- Undertake a review of what research is available in the sector (Annexure A);
- Undertake a refresher on the original 2010 cohort study (Annexure B);
- Undertake a statistical analysis of the students funded by NSFAS over the years (Annexure C);
- Establish principles based on research for the funding of prisoners and older students (Annexure D); and
- Establish baseline for developing a relative value for meal allowances (Annexure E).

In structuring the topics to be addressed, Executive Management identified **first** the need to undertake a review of the available relevant research in the sector, to highlight these key findings and to determine what actions must be taken by NSFAS to close any gaps between the research needed and the research available. Linked closely to this research topic, in the **second** project NSFAS engaged with the 2010 cohort study, undertaken by the Stellenbosch University Economics Working Group. Through a partnership with the Council on Higher Education (CHE), a refresher on this initial project was initiated to address specifically the throughput of NSFAS funded students. In the **third** research

topic, NSFAS identified the need to undertake a statistical analysis of the students funded by NSFAS over the years, with a view to providing some input to the development of marketing material for NSFAS and to identify further research topics that need prioritisation in the 2016/17 financial years.

The final two topics that were determined linked to operational policy questions which have arisen over the past few years, and that have become particularly relevant as NSFAS has progressively introduced the student centred model to universities. Addressing the question of whether or not NSFAS should fund prisoners and/or pensioners was the topic of the **fourth** research paper, as there have been a number of students funded through the University of South Africa (UNISA) that are being processed through Correctional Services. In the **fifth** research paper, NSFAS addresses the question of determining a relative value for a meal allowance, on the basis of the price per nutritious meal.

Five working papers have been drafted for each of these themes, and these are attached as Annexures. The section that follows will draw all five executive summaries into one, with the core themes and findings/recommendations from each distilled out clearly.

KEY FINDINGS FROM THESE WORKING PAPERS

Substantive desk top research and literature reviews were undertaken in the process of sourcing and analysing a wide-ranging set of publications. This included published journal articles and books, published annual reports, fact sheets published by a variety of research centres locally and internationally, case law and unpublished reports available online. All articles reviewed and referenced in the five working papers have been catalogued and made available on the NSFAS content server Open Text, and will be organised and referenced according to research topic.

i. The supply and demand of student financial aid

The South African post-school education and training system has made considerable progress over the past 17 years in terms of widening access for poor yet academically eligible students to public higher education institutions and public technical vocational education and training colleges. Papers presented at the National Higher Education Summit in 2015 have cited various figures

attesting to the growth of enrolments within higher education, and NSFAS' role in broadening access for students from previously disadvantaged communities is undisputed.

a. Higher education

In the 2000 academic year, just one year after the NSFAS Act was promulgated, enrolment in higher education was at 441 504 students (figures supplied by the DHET)¹, and of these 83 251 students were funded by NSFAS², representing 19% of the population. This was already a substantial growth in the number of students funded by NSFAS, as early numbers reflect that the number of students supported by the Tertiary Education Fund of South Africa in its first year was 7 240². For the 2013 academic year, the number of students funded by NSFAS had grown to 194 923, out of a possible 753 749. At this 25% funding level, it shows that by using NSFAS as a mechanism to distribute an increasing pool of funding to students, the DHET has been able to grow the number of students participating in higher education, and most significantly has grown the number of African students from 4,84% in 2000¹ to 70,1% in 2013³. African students are the largest beneficiaries of NSFAS funding, with this accounting for 87% of the students in 2013, followed by coloured students at 4.2%².

Although the number of Africans enrolling in one of the 26 public universities has increased – both relatively and in absolute terms - access to higher education remains a challenge given the poverty and unemployment levels amongst the previously disadvantaged groups. Despite this growth in actual numbers of African students, the disparities in participation in higher education between different race groups shows⁴ that while the black population accounts for about 80% of the total South African population, its higher education participation rate remains at 16.5%²³, compared for example to the white population group with a 54,7%² participation rate, but an overall population representation of 9%⁴. While there has been significant growth in NSFAS funding, this low participation rate may continue to manifest itself as the number of African students eligible for

¹ Personal communication – Ms Jean Skene, March 2016. Additional resource consulted initially was the publication: Department of Education (2002). *Education Statistics in South Africa at a Glance in 2000*.

² Department of Higher Education and Transformation (2015). *Annex 3 - Are we making progress with systemic structural transformation of resourcing, access, success, staffing and researching in higher education. What do the data say?* Paper prepared for the second national Higher Education Transformation Summit, 2015.

³ Wilson-Strydom, M. (2015). *Annex 12 - Access and Success – Transitions into and through higher education*. Briefing paper prepared for the second national Higher Education Transformation Summit, 2015.

⁴ Wangenge-Ouma, G. (2012). *Improvements in access, but participation rates still a problem*. In Hofmeyr, J. (2012). 2012 Transformation Audit - Youth Dividend 2012, Institute for Justice and Reconciliation.

admission to university grows, with competition for limited places within higher education at a premium. Literature shows that downstream factors such as the poor quality of education at primary and secondary level, and the pervasive impact of the inequality of opportunity to adequate or effective resources, will continue to impact the participation rate of African students, as much as the limited access to financial resources for further study.

A review of the literature reveals that even in universities generally considered to have lower fee structures, these tuition fees still remain too high for many families, evidenced by the growing student fee debt at the universities⁵. As such, NSFAS' impact has been "diluted"⁴ by the increase in fees, which has meant that despite increases in the funding, the number of actual beneficiaries has not significantly expanded over the years since 2012. The number of students funded in 2012 was 194 504, dropping to 186 150 students in 2014, despite a growth in the amount of funding directed to universities from R5,871bn to R 6,970bn in the same time².

The shortfall in the availability of NSFAS' funding for students, from poor households, is well documented over NSFAS' history. From as early as 1996⁵, the gap between the number of students who have applied for NSFAS funding and the number of students who received funding has, at 68,1%, been significant. In 2003, during a review of NSFAS commissioned by the Higher Education branch of the Department of Education, figures quoted demonstrated that although the gap seemed to have shrunk, 25,2% of students who applied for NSFAS at the selected institutions profiled were still not funded⁶. The latest figures supplied by the DHET provide evidence that the shortfall in 2014 was 18,7%, and suggest further that of those who are supported, many may not be supported for their full cost of study².

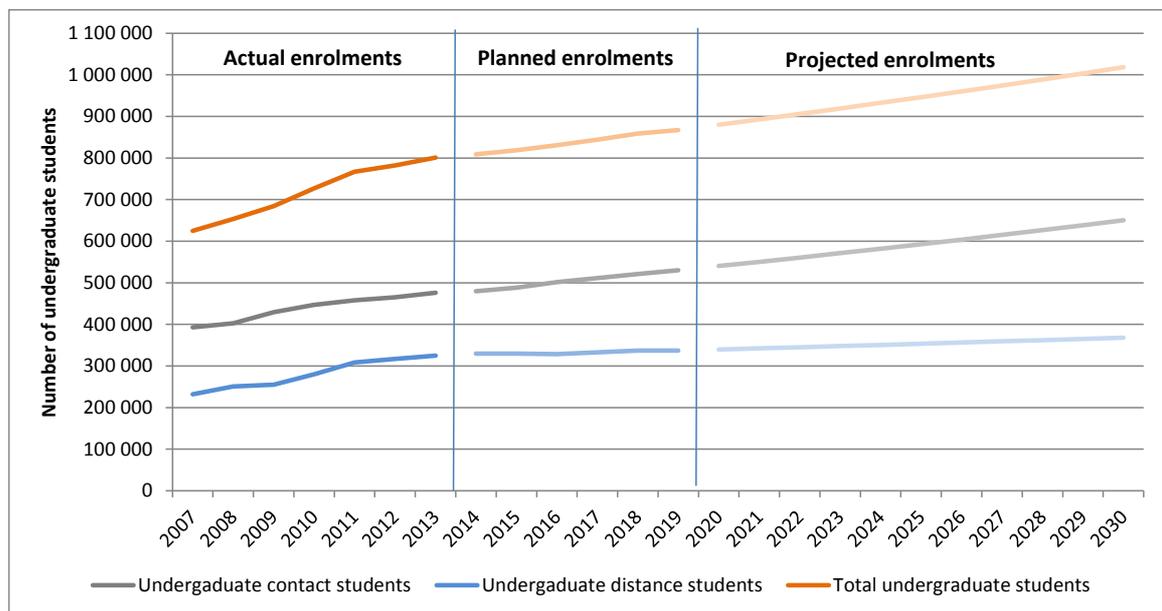
The National Development Plan 2030 has proposed that the participation rate must continue to grow to 30%, beyond the 20% target set in the National Plan on Higher Education (2001). While significant work has been done by the DHET to grow the participation rate from 15,4% in 2003 to 19,5% in 2013, and especially the participation rate of African students, continued investment in academic spaces for students will need to be made to reach the planned and projected

⁵ De Villiers, P. (2012). *Opinion: Removing the financial obstacles for access to tertiary education - The National Student Financial Aid Scheme: Important gains, significant challenges*. In Hofmeyr, J (2012). 2012 Transformation Audit: The Youth Dividend. Institute for Justice and Reconciliation.

⁶ Pillay, P. (2003). *Review of the National Student Financial Aid Scheme: Report to the Department of Education*. NSFAS internal document.

enrolment need to meet the NDP targets. Dependent on whether this growth will come from contact institutions or distance education, different funding scenarios for NSFAS are likely. If more spaces are created in contact universities, then the full cost of study for these students is higher than for distance education, and this will push forward the demand on the funds made available by NSFAS.

The figure below shows the actual, planned and projected enrolments within higher education²³:



b. Technical and Vocational Education and Training Colleges

What about in the TVET space? Although the TVETs have been funded by NSFAS since 2010 through the DHET, the TVET colleges were officially incorporated into the DHET in September 2015. From the graph²³, the growth of enrolments, from 2007 to 2014, within the two funded programmes at TVET colleges is evident. In 2011, 347 412 students were enrolled in Report 191 and NCV programmes, of which 114 968 were funded⁷ (33%). While the funding grew between 2011 and 2014, with 228 642 students funded for these two programmes in the 2014 academic year⁸ out of the 645 444 enrolled⁹, this still

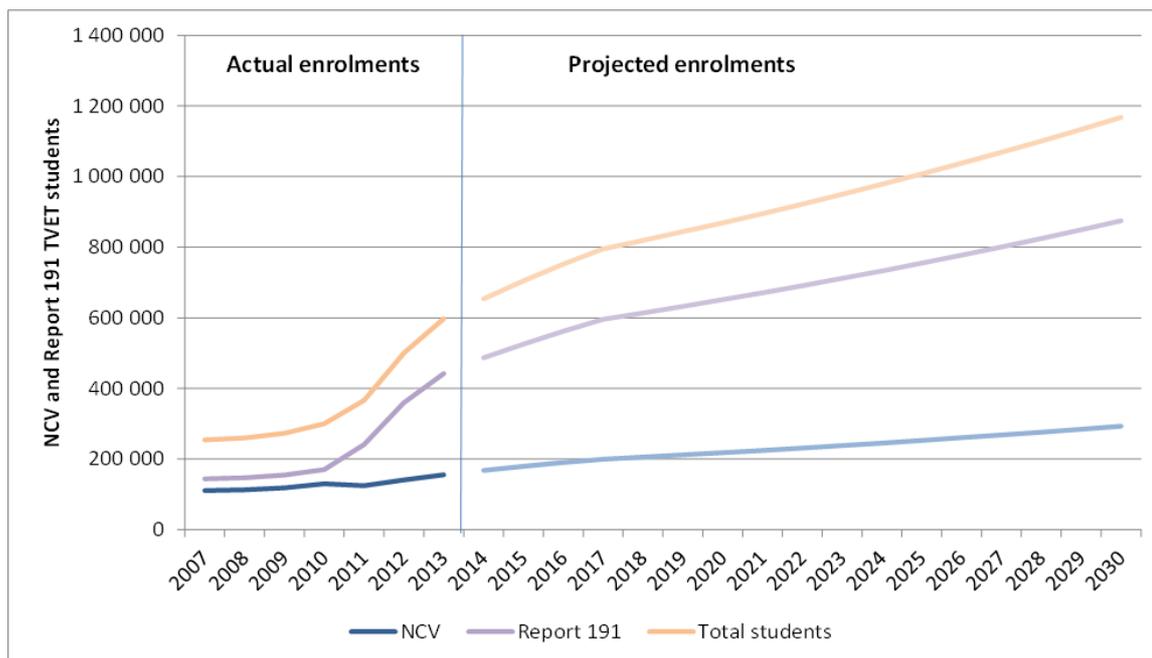
⁷ National Student Financial Aid Scheme (2012). Annual Report 2011/12.

<http://www.nsfas.org.za/staticfiles/NSFAS/Internet/static%20files/annualreport2012.pdf>

⁸ Whittle, P. (2016). *Financial aid supports access to post-school education and training*. <http://www.dhet.gov.za/SiteAssets/Latest%20News/Independent%20Thinking%203rd%20Edition/pg3.pdf>

only represented 35% of the student enrolment.

The continued growth in projected enrolments is in line with the White Paper on Post School Education and Training¹⁰ and the National Development Plan Vision 2030¹¹.



The argument has therefore been widely made^(2,3,4,5) that there is a real decline in the financing for higher and further education. While approximately 40% of the funding for universities comes from the state, the adoption of the principle of cost-sharing means that tuition and accommodation fees (to which NSFAS is a contributor through loans and bursaries) becomes the second stream of revenue for universities, followed by research income and donor funding. Although state funding has increased, it has not increased in tandem with the numbers of students registered, nor with the effective increases in the cost of providing quality education to these students, nor is it in line with the global percentage average of public expenditure on higher education⁵. As a result, student fees have increased to address this shortfall by boosting second stream revenue, and

⁹ Futshane, T. (2014). *TVET Colleges Strategic, annual performance and operational planning process*. A presentation prepared for meeting with the North West and Free State TVET Colleges, 23 & 24 June 2014. Available on www.dhet.gov.za

¹⁰ Department of Higher Education and Training (2013). *White Paper on post school education and training: building an expanded, effective and integrated post-school system*. Pretoria: DHET

¹¹ Sheppard, C. & Ntenga, L. (2013). *Funding of the South African Further Education and Training sector for an equitable sharing of national revenue*. Submission for the 2014/15 Division of Revenue.

the effective increase in the NSFAS funding has therefore not been enough to close this gap. However, governments' intention to make higher education more affordable for the poor cannot be mistaken.

c. Private Further and Higher Education

The private higher education sector has grown rapidly since its early inception¹² in the mid-1800s. In 2001, the number of students in private post-school provision was 84 778, across 86 such institutions. None of these students receive funding through NSFAS, as the current NSFAS Act does not provide for the funding of students at non-public higher education institutions. However, over the past decade, this sector has not grown significantly, contrary to international trends.¹² But with the need to satisfy the delivery targets in the National Development Plan and the White Paper on Post-School Education and Training, private further and higher education may well come under the spotlight again.

ii. Funding the “right” student

While NSFAS is in a process of transforming its business model from one which distributes funds via an allocations formula to the universities - who then make the student funding decision - to one in which NSFAS will directly determine which student is funded, the literature^(13,14,23) reviewed clearly points to wide-ranging institutional practices that may have served to deepen the gap between the adequacy of the supply of funding and the effective utilisation of this funding.

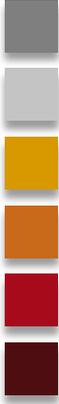
In identifying which are the “right” students to fund, the research papers prepared outlined a few key elements of this decision, and these follow in the section below. It should be noted that “decision-making algorithms”¹³ which effectively identify processes to prioritise applicants, with the appropriate mix of academic excellence and financial need may need to be considered going forward to optimise the prioritisation of deserving students.

a. Financial Need

The NSFAS means test is central to identifying which students are the most

¹² Kraak, A. (2012). *LMIP Working Paper 16: Briefing Paper on private post-school education in South Africa*. Pretoria: Human Sciences Research Council

¹³ Universities South Africa (2015). *Student financial aid at South African universities: financial aid policies, structures and practices with regard to NSFAS funding – An analysis conducted by Universities South Africa*. Report submitted to the DHET (July 2015).



financially deserving of those who apply for financial aid. It is widely recognised as a legitimate tool for subsidy targeting, enabling low-income or no-income families to access state support – in this case, for financial assistance for tuition and accommodation fees¹⁴. In its pure form, the NSFAS means test is intended to not only differentiate and rank students from most financially deserving to least financially needy, but also to determine the size of the award through a formula which takes into account the value of the expected family contribution (EFC). It should be noted that the commonly held myth that NSFAS employs an upper limit on the income threshold for eligibility for NSFAS funding has been documented in a number of the papers reviewed. As such, some of the critique in the literature has been based upon a misunderstanding of the core principles of the NSFAS means test.

International research into best practice in means-testing for financial aid reveals that while this remains an effective mechanism for differentiating between those who need and those who do not require support, there are inherent challenges. Determining which indicators or inputs to use to assess the “ability to pay” for higher education, how to accurately distinguish between which students are dependent or independent of their families and, particularly in the South African context, defining adequately the calculation of the combined household income that will arguably be responsible for supporting the students cost of study are key elements of this challenge¹⁴. Addressing these questions more rigorously will serve effectively as the socio-economic status indicator for financial need. Administrative systems to support, verify and validate the means test outputs will contribute significantly to improving efficiencies.

Varied practices at institutions anecdotally provide accounts of the utilisation of an income threshold by some institutions, as a pre-means test filter reducing the effective number of students who apply but will not be funded due to insufficient funding. The NSFAS Ministerial Review of 2010¹⁵ also identified the means-test as an area which needed review and revision, and proposed alternative proxies for identifying which students are the neediest, and deserve differentiated financial aid support. More recently, the need to differentiate students from low-income or no-income families from students in the “missing middle” has been recognised as an element for further review as NSFAS rolls-out the student

¹⁴ Marcucci, P. & Johnstone, DB. (2010). *Targetting financial assistance to students in higher education: means testing with special emphasis on low- and middle-income countries*. Draft unpublished paper (monograph) prepared for the World Bank contract no 0007728373.

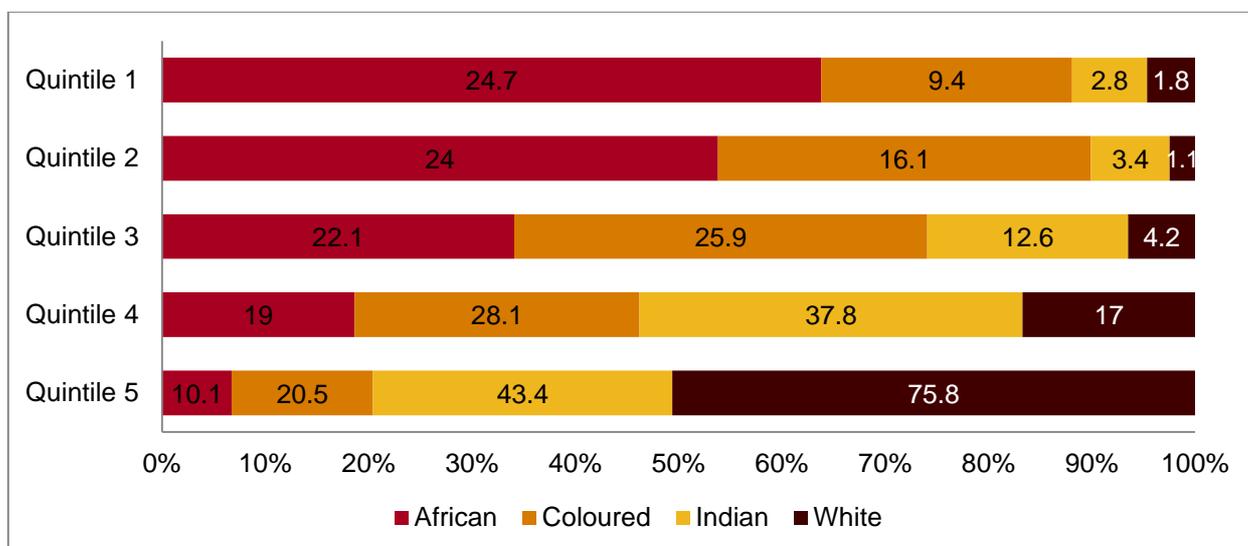
¹⁵ Department of Higher Education and Training (2010). *Report of the Ministerial Committee on the Review of the National Student Financial Aid Scheme*. Pretoria: DHET.

centred model.

Using household income data from the Income and Expenditure Survey 2010/11 undertaken by Statistics SA, the PER²³ provided a snapshot of the income quintiles by race based on the entire population, applying this relatively to the 20-24 year old cohort. This table demonstrates that in the highest income quintile (quintile 5), 10,1% of the students are African and 75,8% are white, whereas in the lowest income quintile (quintile 1), 24,7% are African, 9,4% are coloured and 2,8% are Indian.

Quintile	African	Coloured	Indian/Asian	White	Range
5 (highest)	10.1%	20.5%	43.4%	75.8%	R57 100 per capita and above
4	19.0%	28.1%	37.8%	17.0%	R21 003 to R 57 099
3	22.1%	25.9%	12.6%	4.2%	R 9 887 to R 21 002
2	24.0%	16.1%	3.4%	1.1%	R 4 544 to R 9 886
1 (lowest)	24.7%	9.4%	2.8%	1.8%	Up to R4 543
Population 20-24 years	3 544 596	353 661	102 236	294 030	
	82.5%	8.2%	2.4%	6.8%	
Total population	43 333 709	4 771 548	1 341 877	4 554 820	
	80.2%	8.8%	2.5%	8.4%	

Differently said, this means that the African population has a relatively higher proportion of people in the quintile 1 (24,7%), quintile 2 (24%) and quintile 3 (22,1%), whereas the white population has a higher proportion of people in quintile 5 (75,8%) and quintile 4 (17%). This is shown below, with each of these percentages expressed proportionately within each quintile:



As such, while race is not an adequate proxy for financial need, using this information, there is some comfort that the skewed racial distribution of income aligns with the race distribution of the NSFAS funded students.

b. Academic eligibility linked to the principle of “potential to succeed”

It is noted in more than one of the papers^{5,23} that in the allocation of loans to students, universities do not generally appear to consider fully the academic potential of students to achieve as a criterion, focusing almost exclusively on financial need once the students have met the entry requirements for the courses concerned. Different practices to filter or rank students on the basis of academic eligibility have been reported¹³, and need to be assessed against the understanding that students from poor households may not necessarily have the opportunity to receive the best academic results in high school, but have the potential to succeed in a level playing field. Improvement in the targeting of academic potential must be a focus going forward, by further refining the methodology for assessing the qualifying criteria for academic progression.

The most efficient use of NSFAS funds is to fund students that graduate within regulation time, although evidence from the CHE²⁵ cohorts and the PER²³ cohort does not indicate that NSFAS-funded students perform significantly better than non-NSFAS funded students in graduating within regulation time. This is in contradiction to the Stellenbosch study which shows that of the five cohorts which were tracked (2000 to 2004), a higher proportion of NSFAS-funded students had qualified after nine years (55%) than non-NSFAS funded students (48%), and a lower proportion of NSFAS-funded students had dropped out (38%) than non-NSFAS funded students (46%). This led the researchers to conclude that the

financial support received by these students contributed to their persistence with their studies. However, even in this study, the percentage of students who graduated within regulation time (N = 3 years for a 3-year programme) is higher for non-NSFAS funded students (just over 22%) than for NSFAS funded students, although this relationship inverts from N+1 onwards.

As enrolment at the universities increases, the absolute number of students that require funding at university will increase. In response, NSFAS will need to more carefully select students who are likely to graduate within regulation time so as to limit the pressure for funding from continuing students who are not performing sufficiently well to complete within regulation time, or as close to regulation time as possible. This serves two purposes: reducing the total cost of credit passed to the student at the end of his/her qualification and ensuring that students graduate and are able to access employment opportunities and so kickstart the recovery process and re-inject these funds back to fund more students.

c. Age eligibility

Two key considerations must be highlighted in unpacking the arguments for and against the funding of older students, with particular reference to adult learners and those on pension. In terms of the South African social grant system, pensioners also broadly include those on medical pension, disability pension or military pension. Both relate to NSFAS' mandate of firstly responding to the human resource requirements of the country, and secondly recovery of loans granted to students. Older students, and more so pensioners (women over the age of 55, men over the age of 60), have less likelihood of being productively engaged in economic activity within the country, of meeting a scarce skills requirement or of being in a position to make full repayment of the loan once exited as a graduate from a higher education institution.

NSFAS does not currently specify an age limit for applicants, and as such, may not exclude applicants from applying.¹⁶ However, while the Constitution of South Africa supports the notion that the State should take reasonable measures to achieve the progressive realisation of the availability and accessibility to “a basic education, including adult basic education; and to further education”¹⁷, this may preclude higher education, particularly given the fiscal constraints in the budget.

¹⁶ See *Dlamini vs University of Limpopo (UL) and the Minister of Higher Education and Training* Case No 28137/09

¹⁷ Constitution of South Africa, Act 108 of 1996, Section 29 (1) a.

While the National Development Plan suggests that participation rates in higher education could be augmented by recruiting increasing numbers of “non-traditional” learners – including mature adults, this is further supported by data demonstrating that the proportion of elderly persons – over 60 years age - with completed higher education has increased from 1996 (4,5%) to 2011 (8.4%), reflecting an appetite for enrolling in higher education amongst the elderly.

According to the HEMIS 2012 records, there were 1 542 students over the age of 65 years old studying in 2012, 23 480 students over the age of 55 years, and 113 837 students over the age of 45 years. It is this latter number that represents some concern from NSFAS, especially given that this represents more than 10% of the student population, and may overlap with students who are receiving funding by NSFAS. Data from the Stellenbosch cohort study shows that for the five years 2000 to 2004, the percentage of students funded by NSFAS over the age of 30 years old was less than 5%, while approximately 20% of the students were in the age range 24 – 30 years²⁶. While there is little literature on the academic success and employability of older adult students available, an argument could be made that their interest in studying is primarily for recreational purposes rather than furthering their careers. In the United Kingdom, students were eligible for a loan to cover tuition fees only if they were younger than 54 years age. As such, consideration may need to be given to determining an age limitation for NSFAS funding.

d. The funding of students who are awaiting trial or incarcerated

For the purposes of this study, a prisoner is defined as a person imprisoned for a crime committed, who is either awaiting trial or who has been tried in a court of law and found guilty, and sentenced for a specific period of time or for life.

Research on practices in other countries, and local case law served as the key points of reference for this topic. Two different viewpoints are taken in the literature: i) providing financial support for prisoners to study while incarcerated or awaiting trial is part of a broader programme of rehabilitation and in the US, students who participated in education programmes while serving time were less likely to return to prison; ii) the likelihood of recovery of loans from ex-prisoners once they have completed their studies, given that they may still be incarcerated or unable to find work due to their criminal record.

In both the United States and the United Kingdom, research has shown that some state funding has been made available to prisoners, and that this has

improved the rehabilitation success and created better conditions within prisons. Locally, an argument can be made that the socio-economic conditions of offenders entering the prison system had limited the opportunities for skills development ^(18,19), and it is on this basis that the Department of Correctional Services has placed education and training at the centre of its rehabilitation agenda.

South Africa has a total of 166 267 prisoners, of whom more than 108 321 participated in formal education programmes from 2009 to date with the grade 12 pass rate increasing from 58,8% to 68,9% in 2014. In the 2013 academic year alone, 22 351 prisoners accessed formal education, including further education and training, adult basic education and training, and skills learning programmes²⁰. Data shows that between 2012 and 2014, 1 482 of these prisoners were funded by NSFAS, through the University of South Africa and the University of Zululand, although in 2015 this number dropped to 482. It is worthwhile to note that success rates in respect to completion within regulation time in the University of Zululand partnership have been good due to the ongoing support from the Department of Justice and Correctional Services. Factors which have contributed to the decrease in the number of prisoners funded through NSFAS relate to inability to access internet services for teaching and learning materials, high mortality rates and overcrowding which have resulted in stricter security protocols.

The need for NSFAS to determine policy on this issue will be tested by the current application by Zithulele Mpange²¹ and others to the South Gauteng High Court for non-funding and apparent “mistreatment” of prisoners by NSFAS administrators. The basis of this application is that the terms of their sentences are less than 10 years, with some of the applicants having served between 1 and 4 years. While they are arguing their case on the basis of the Constitution, section 29 1a, precedent was set in the Dlamini case wherein it was argued that government needs to “redress the imbalances and legacies of the past” and in which it was indicated that in the absence of a specific clause in any of the

¹⁸ Tickle, L. (2012). *Distance learning breaches prison walls*.

<http://www.theguardian.com/education/2012/feb/20/distance-learning-for-prisoners>

¹⁹ McAree, T. (2011). *Prisoner rehabilitation in South Africa: a case study of Phoenix Zululands’ work in Eshowe Correctional Facilities*. Accessed at 02 March 2016. Available at http://phoenix-zululand.org.za/wp-content/uploads/2012/01/tommy-ISP-_2_.pdf

²⁰ Jules-Macquet, R. (2014). *The State of South African prisons*. Edition One – NICRO Public Education Series. Available at <http://www.nicro.org.za/wp-content/uploads/2014/04/Public-Education-Paper-The-State-of-South-African-Prisons-2014.pdf>

²¹ See Zithulele Mpange and others vs National Student Financial Aid Scheme, 2014/05444.

NSFAS rules, prisoners should be funded. Prior case law on this issue shows that where the rights of prisoners to access further education (and by extension, the right to use the internet to access teaching and learning support materials) are concerned, the courts find in favour of the applicant²². The need for NSFAS to determine policy on this issue is therefore clear.

In a context where there are multiple, competing priorities and scarce resources, the funding of prisoners and older students should only be considered through dedicated ring-fenced funds from other state agencies given the demand for first opportunity NSFAS funding for youth not in employment, education or training.

iii. Funding the “right” amount

a. Top-slicing

Top-slicing is a practice prevalent in many forms across the universities¹³. It is understood as a distributive mechanism in which the allocation made to an institution is spread across all qualifying students, with all students receiving less than the full recommended amount by the NSFAS means test. Eliminating the practice of top-slicing is critical to ensuring that all students receive the full award²², aligned to the full cost of study at that institution and within the capped award size determined by NSFAS.

b. Regulating the full cost of study, the capping of the award size and average loan and bursaries values

The full cost of study is a calculation done by NSFAS each year on the basis of projections for tuition, accommodation, books and/or meals. It is apparent from a review of financial aid policies that there remain different understandings amongst universities of what expenses “are ‘in’ ... and which expenses are ‘out’”¹³.

The NSFAS capped amount is also a calculation done on an average weighted full cost of study, and communicated as part of the NSFAS funding parameters each year. The Stellenbosch study²⁶ reported that the maximum amount a student could receive in 1999 was R13 300, increasing to R47 000 in 2010, and in this academic year, this has increased to R71 800. Since 2008, most

²² See *Nabolisa vs Minister of Correctional Services* 2013/7446

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universities average full cost of study increased more rapidly than in the period before that. Although the NSFAS capped amount has increased at a higher rate generally than inflation, this was from an initial low base.

This has been tracked by NSFAS since 2003, and is shown in the table on the next page.²³

	Average FCS for selected years				% average annual growth			
	2003	2008	2012	2015	2003-2008	2008-2012	2012-2015	2003-2015
Average CPI					4.5%	7.0%	5.8%	5.6%
UCT	37 925	47 564	82 428	113 602	5%	15%	11%	10%
UP	30 243	44 387	73 741	99 900	8%	14%	11%	10%
WITS	27 855	49 253	76 541	99 470	12%	12%	9%	11%
RHODES	27 900	43 710	74 700	94 900	9%	14%	8%	11%
UJ	32 600	35 815	67 335	88 749	2%	17%	10%	9%
SU	29 355	41 740	52 859	86 990	7%	6%	18%	9%
DUT	26 462	34 488	63 928	81 170	5%	17%	8%	10%
UKZN	27 945	36 286	57 770	79 491	5%	12%	11%	9%
NWU	30 005	31 394	56 011	76 870	1%	16%	11%	8%
MUT	18 770	28 051	49 846	75 480	8%	15%	15%	12%
UNIVEN	17 398	38 957	56 369	73 263	17%	10%	9%	13%
UFH	18 730	29 584	59 870	71 043	10%	19%	6%	12%
NMMU	32 602	35 550	49 128	71 010	2%	8%	13%	7%
SMU	33 480	no data	54 120	69 553	no data	no data	9%	6%
UL	40 722	39 196	54 120	69 553	-1%	8%	9%	5%
VUT	25 301	32 230	43 333	68 019	5%	8%	16%	9%
UFS	29 131	35 837	47 176	67 769	4%	7%	13%	7%
UWC	30 260	36 143	50 710	67 320	4%	9%	10%	7%
NSFAS Cap	20 000	38 000	56 400	67 200	14%	10%	6%	11%
CUT	24 000	30 558	46 469	61 381	5%	11%	10%	8%
TUT	27 746	27 996	43 114	58 352	0%	11%	11%	6%
WSU	23 475	25 983	43 669	55 718	2%	14%	8%	7%
UZULU	21 840	29 012	40 134	50 536	6%	8%	8%	7%
CPUT	22 860	34 002	37 197	48 831	8%	2%	9%	7%
UNISA	no data	no data	15 813	18 350	no data	no data	5%	no data

Analysis in the PER showed that in respect to the changing affordability of the average full cost of study in relation to a mid-point average household income by quintile, higher education has become less affordable to households in all five quintiles. The report notes that already in 2003, households in income quintiles 1, 2 and 3 could not reasonably afford the costs of an university education, and this has moved further out of their reach (see table 7, p 29)²³.

c. Allowances payable to students and the cost of a nutritious meal

The NSFAS means test produces a recommended meal allowance for students dependent on whether or not they are living at home. This is updated annually in line with the CPIX mid-year value (July). However, many institutions adopt their own food allowances and these range from R600 per month to R5 000 per month (2013 values, as surveyed by NSFAS).

There are three categories under which students meal allowances can be processed. Firstly, there are students who stay in residences - their fees are determined by universities and generally includes the cost of meals. Secondly, there are students who reside in self-catering accommodation. In this group, while the university determines the overall fees, the food allowance is determined by the NSFAS. This shows that there are likely to be differences in terms of the meal allowances that both students might get. Thirdly, there is a different category of students who reside off-campus. Some of them stay at home and NSFAS determines the amount that such students may be eligible, subject to the availability of funding.

NSFAS undertook a snapshot exercise in November 2015 with Shoprite in order to determine the cost of a nutritious meal. The following sets of assumptions were followed by Shoprite to calculate the cost of the nutritious meal:

- how much it costs to buy daily meals from a retailer or buying the raw ingredients and then the student prepares for their own meals; and
- exclude certain products – example: seafood which may not always be available based on the location of the student, and may be of a higher cost.

Based on these assumptions, it was estimated that the upper limit cost of meals is R80 per day (R15 for breakfast, R30 for lunch and R 35 for supper). Based on Shoprite calculations, this would require a meal allowance of R2400 per month (on the assumption of 30 days per month), and an annual allowance of R24 000 (10 months per year). This is half the recommended value suggested by NSFAS and the NSF in an internal document recommending a standardised allowance for the NSF funding (July 2014).

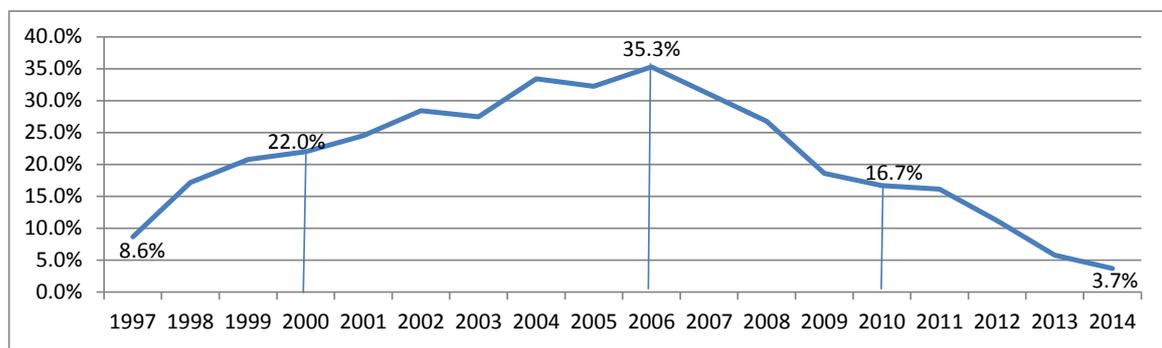
Universities need to be robustly engaged with the determination of a meal allowance, and this should be aligned with the progressive roll-out of the student centred model.

iv. Loan recovery and sustainability of the Scheme

The NSFAS Act mandates the recovery of loans issued to students, so that these funds can be recycled back into student awards in the following academic year. Over the years from 1999 to 2015, R5,4 bn has been recovered by NSFAS², which represents a recovery rate of approximately 10,9%.

The chart overleaf plots the value of the loan recoveries as a percentage of loan disbursements.

It evidences that between 1997 and 2006, the funds recovered made a significant contribution to the funds disbursed to students:²³



This dropped dramatically from this point – from reaching a high of R636m²⁶ in 2008, the value recovered per year dropped to R248m in 2014. There were a number of factors – well documented – that have attributed to this drop in recoveries²³, but in essence NSFAS faces the growing problem of non-payment amongst debtors, the poor quality of the NSFAS debt with approximately half the debtors being those who have dropped out and the inefficiencies in tracking and following debtors has led to the prescription of some debts.

An analysis of the NSFAS Annual Reports from 2011 to 2015 shows that the percentage of NSFAS debtors paying has dropped from 35% to 12%, resulting in a 61% drop in loan recoveries in this time.²² Clearly this impacts on the number of students who cannot be funded due to the drop in loan recoveries.

v. NSFAS' performance data

Two of the papers prepared focussed specifically on unpacking the impact of NSFAS, in terms of key indicators regularly used to assess the effectiveness of the sector as a whole. Since its inception in 1999, NSFAS has been the subject of two reviews by the Department (2003, 2010), one performance review by

National Treasury (2015) and three significant cohort studies (2010 Stellenbosch University study commissioned by NSFAS, the recent DHET analysis undertaken for the 2015 Summit, and a sample cohort included as part of the National Treasury review).

It is suggested in the Performance and Expenditure Review report that an effective and efficient high education system is one that minimises the number of drop-outs and enables as many students as possible to graduate in regulation time.

a. Number of students funded

One of the simplest indicators of NSFAS' impact is the number of actual students funded by the Scheme over time. This data can be analysed by race, gender, qualification type (degree, diploma, certificate, other) and field of study. Data is most readily reported in the NSFAS annual reports, but was summarised most recently in Table 2.2 in the DHET report for the Higher Education Summit². From 1991 to 2014, the number of higher education students funded has increased from 7 240 to 186 150, consistently showing a higher proportion of female students (for only two years of the 24 years is this less than 50%), African students (most – 21 of 24 years – this is higher than 85%) followed by Coloured students, then Indian and then white students (usually between 1,7% to 3,9%). The funds to support these students increased from R22m in 1991 to R6,6bn in 2014, with the most significant growth in the years from 2010 to 2014.

NSFAS students in higher education institutions have increasingly obtained degrees rather than diploma. Interestingly though the Stellenbosch study provided evidence that for the first of these five cohorts (the 2000 cohort), NSFAS funded more diploma and certificate students (54,2%) than degree students (42,6%), and that over each successive cohort, the ratio changed so that for the 2004 cohort 54,5% had obtained degrees²⁴. Some evidence from the Stellenbosch study has also demonstrated that NSFAS students have predominantly received their qualifications in the social sciences (67%) with the remainder in the natural sciences.

b. Rand-value under management and average award administered

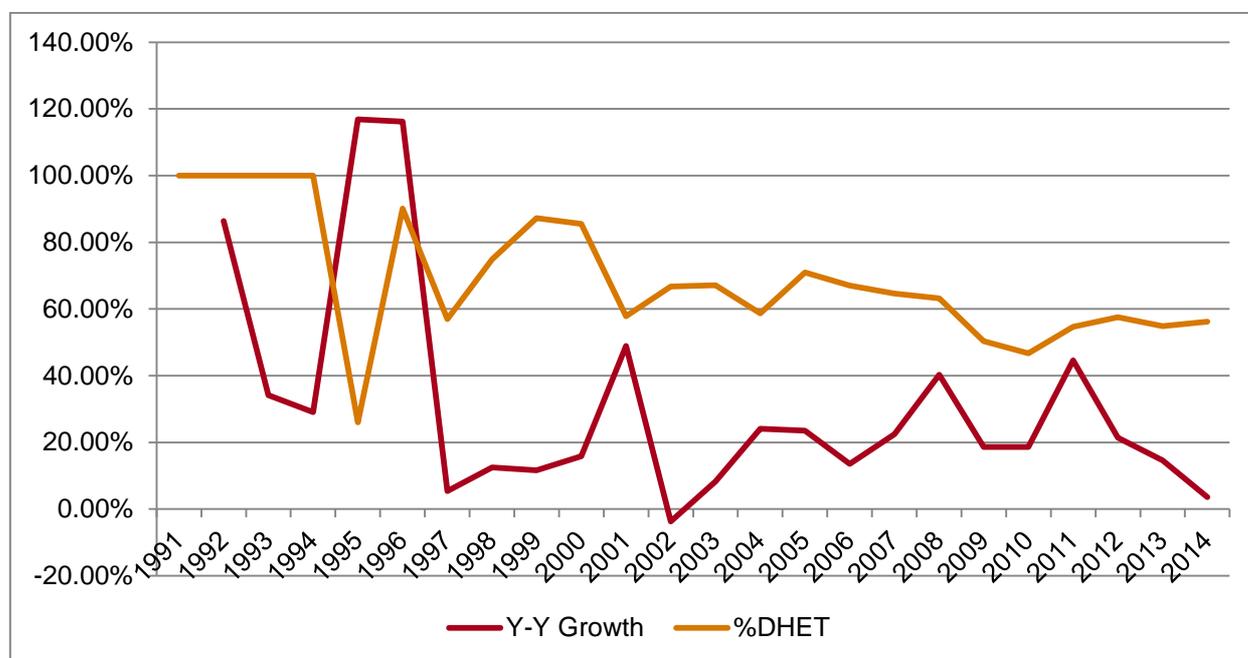
From the start of TEFSA, the contribution to the pool of student financial aid has grown significantly year-on-year. The average growth based on the data provided by the DHET² is 31,62% over the 23 years, but significant spikes have been noted for the 1995 and 1996 years (116% increase in both years) when the

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Department of Education first made funding available to NSFAS, in 2001 (48,62%) in the year after the Act was promulgated, in 2008 (40,28%) when additional funding from Funza, the Department of Social Development and the NSF was directed to NSFAS and again in 2011 (44.59%), following the introduction of the Final Year programme.

The figure that follows plots the overall year-on-year growth in the funding disbursed by NSFAS from all major sources of funding, and particularly, it demonstrates the percentage of the funds allocated by the DHET annually.

This growth in funding under management is shown below:



The Stellenbosch study²⁶ and the DHET paper² note that the growth in funding increased from R154m in 1995 to R3,2bn in 2009 (which included initial funding of R400m for the TVET sector). According to the analysis undertaken for the Performance and Expenditure Review (PER)²³, between 2011 and 2015 (not shown above), NSFAS total revenue grew at an average annual rate of 30% from R3,4bn to R9,8bn, which included the additional funding for the TVET colleges. As a result, the overall grant allocated to NSFAS was supplemented by an additional R317m in the first year, growing to R1,9bn in 2014 for the TVET

²³ Cornerstone Economic Research (2015). *Performance and Expenditure Review: National Student Financial Aid Scheme First Draft V3 November 2015*. Research commissioned by the National Treasury.

bursary scheme. The number of students supported by TVET grants has grown from 61 703 in 2010 to 228 495 in 2014, and in 2010, the ratio of TVET grants to NSFAS loans was 29:54 and this was shifted so that in 2014, 29% of the awards were NSFAS loans and 54% were TVET bursaries.

c. Academic pass rate

NSFAS uses the “courses passed rate” as the basis for the conversion from the loan to the grant (the 40/60 conversion). This data is collected annually from institutions for all students who were funded in that year. In the Annual Reports published by NSFAS, it is this pass rate that is used as a reflection of the academic progress of the students being funded. However, the courses passed rate is neither indicative of whether a student is on track to graduate within regulation time, or whether a student has accumulated sufficient weighted FTE credits to progress nor is it indicative of the credit value of each of the courses enrolled for or passed. The CHE definition of student success rate states that it is the “total number of courses passed by students in a given academic year relative to course enrolments, calculated by dividing the total number of FTE degree credits (courses completed) by FTE enrolments.”

Based on this understanding, the Stellenbosch cohort study notes that over the period 1996 to 2009, NSFAS reported an average course passed rate of 74,3%, as per the annual reports for each financial year.

d. Drop-out rate

Evidence from the papers reviewed provides conflicting views on the drop-out rates of NSFAS and non-NSFAS funded students. Various studies show that 30% - 40% of students drop-out in their first two years of study, and approximately 53% of students never graduate^(2,4,24,23,25). It has been demonstrated that female students have a lower dropout rate than males, and that coloured males are the group most at risk at the end of their first year, followed by African males and then African females². In the Stellenbosch study, it was concluded that NSFAS-supported students are less likely to drop-out than others (figures provided shortly). It is suggested that this could be because these

²⁴ Council on Higher Education (2015). *CHE 20-Year Review*. Briefing presented at the Parliamentary Portfolio Committee on Higher Education, Cape Town, August 19. Available at <http://pmg-assets.s3-website-eu-west-1.amazonaws.com/150819che.pdf> (accessed on 04 December 2015).

²⁵ Council on Higher Education (2014). *VitalStats: Public higher education 2012*. Pretoria: CHE

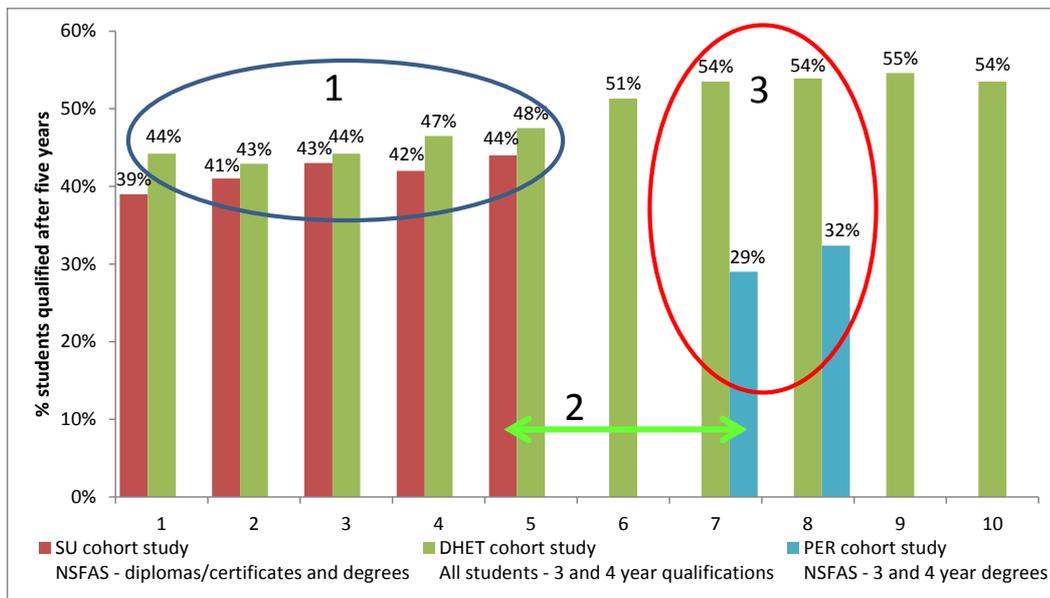
students receive the financial support required to focus on their studies, and understand that the bursary conversion incentive offered by NSFAS will reduce the value of their loans.

At the time of the Ministerial Review¹⁴, it was reported - based on a snapshot of all funded students taken from the annual student graduate and drop-out reports run by NSFAS - that 33% of NSFAS-funded students were still studying, and 67% were no longer at university although only 28% of the 67% had graduated and the remaining students had dropped out. What the Stellenbosch University study does tell us is that of the year 2000 first-time entering student cohort (15 345 students), 8 768 obtained a qualification within 9 years (55%), with most students qualifying after four years (2 558), followed by those who qualified within three years (2 500) and five years (1 453)²⁶. On the same cohort (year 2000), the study showed that after four years (2003), 29% were still studying, 34% had qualified and 37% had dropped out. After a full nine years (by 2008), 6% of this same cohort were still studying, 55% had qualified and 38% had dropped out.

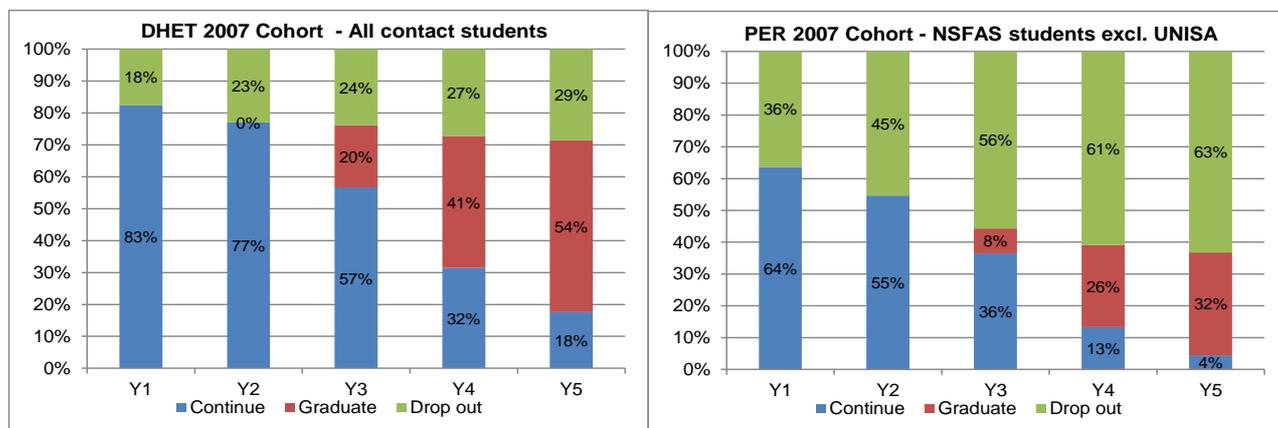
On the basis of the data provided to the researchers, this study goes on to conclude that non-NSFAS funded students have a slightly higher drop-out and a lower qualification rate, with 46% having dropped out, 6% still studying and 48% having completed their qualification.

The chart below plots the data from both the Stellenbosch University, DHET and the PER cohort analysis²³:

²⁶ De Villiers, P. & van Wyk, C. (2013). *Opening the black box of higher education with the aid of longitudinal cohort analysis*. Paper read at the Biannual conference of the Economic Society of South Africa, Bloemfontein, 25-27 September 2013



- In the first circle, the comparison between the Stellenbosch study (red) and the DHET cohort for the same years indicates that NSFAS-funded students perform comparatively well as the students in the DHET study (all students) in terms of qualifying within 5 years. However, in this comparison, the types of qualifications being compared were not the same with the Stellenbosch study including 1-year certificate programmes;
- The arrow between the Stellenbosch study (red) and the first cohort examined by the PER study (blue) seems to show that even when only comparing NSFAS-funded students, the percentage of students who graduate within 5 years is higher in the Stellenbosch study than in the PER study. Again, this could be attributed to the fact that the first study included all qualification types and the PER study only examined 3- and 4-year qualifications. On this basis, this conclusion may be that throughput through 3- to 4-yr degree programmes lags behind students studying diploma and certificate programmes, but this would need to be confirmed;
- However, what is most concerning is the comparative data between the DHET cohort and the PER cohort (circle 3). Over these two years, the subset of NSFAS-funded students studying 3- to 4-year degrees performed worse than all students studying 3- to 4-year degrees in the DHET cohort study, with the students in the PER cohort study (the 2007 year cohort specifically) having a significantly higher dropout rate (63%) than the DHET cohort (29%), shown below²³:



The DHET cohort analysis shows that the number of students who are dropping out has declined over time since 2000 to 2012, which means that “the system is getting substantially better at retaining students, but needs to effectively convert retention into graduation in regulation time or as close thereto”.²

e. Throughput – as an indicator of the efficiency of the whole system

As a construct, throughput is understood to be not only the number of students who enter, progress through and complete their qualification, but the number of students who achieve this in regulation time (N) gives an indication of the health of the system as a whole. This is of equal interest for both NSFAS and non-NSFAS funded students.

The CHE and the DHET² cohort studies provide good evidence for successive cohorts of the percentage of students who graduate within regulation time – in the 2014 study, of the students who entered higher education in 2007, only 20% completed within three years, 34,4% in four years, and 42,8% in five years²³. When looking at this by race, the CHE cohort shows that more white students graduate within regulation time (42%) than Indian (26%), coloured (23%) and African (19%) students. The DHET study goes further to indicate that white females are the most likely to graduate within regulation time (61,4%) and that the graduation rate for African females is slightly higher than for African males. However, there is not such a significant difference in the drop-out rate within the first three years for this same cohort, with white students having a drop-out rate of 32% compared to Indian (36%), African students (38%) and coloured students (41%).

Of interest in the CHE cohort studies is that these throughput rates are provided per field of study, and in the DHET study, this is disaggregated to some extent by

institution. The PER study suggests that the NSFAS-funded students graduation rate within regulation time for a three-year degree is less than half that of the DHET cohort, suggesting a performance gap. How significant this performance gap is would need to be tested by a more comprehensive cohort study that would directly compare NSFAS and non-NSFAS funded students undertaking the same qualification types over the same periods.

vi. NSFAS' internal efficiencies

The PER²³ report reflected on two key cost indicators used for assessing NSFAS' internal efficiencies, and provided an overall commentary on the shortcomings of the current system.

Although it noted the growth in the value of the administration grant provided to NSFAS (with a particular focus on the period from 2011 to 2015), it reported that NSFAS' administration-to-awards ratio increased from 1,22% in 2012 to 2,71% in 2015. Although this could signal that NSFAS is becoming less efficient, it was also noted that the additional expenditure was linked to the roll-out of the student centred model which will in the long-term improve NSFAS's effectiveness.

Secondly, based on a review of the annual financial statements, the report indicated that the operations of NSFAS had resulted in an effective deficit for four of the five years reviewed, with the biggest deficit noted in 2011 correlating with the time in which the Board assumed a more direct role in managing the entity as the executive management structure and key operations were overhauled.

The PER report acknowledges that there are various shortcomings in the old institution-based model of managing NSFAS funding to students which will be addressed in the full roll-out of the student centred model. These included the inequitable nature of the current allocation model, the lack of consistency across institutions in respect to the manner in which NSFAS funding is awarded to students, top-slicing, the late payment of funding to universities and by extension to students by NSFAS and the vulnerability of the current systems to fraud and corruption. It should be noted that a current forensic audit on the latter is underway, and this report will inform further developments.

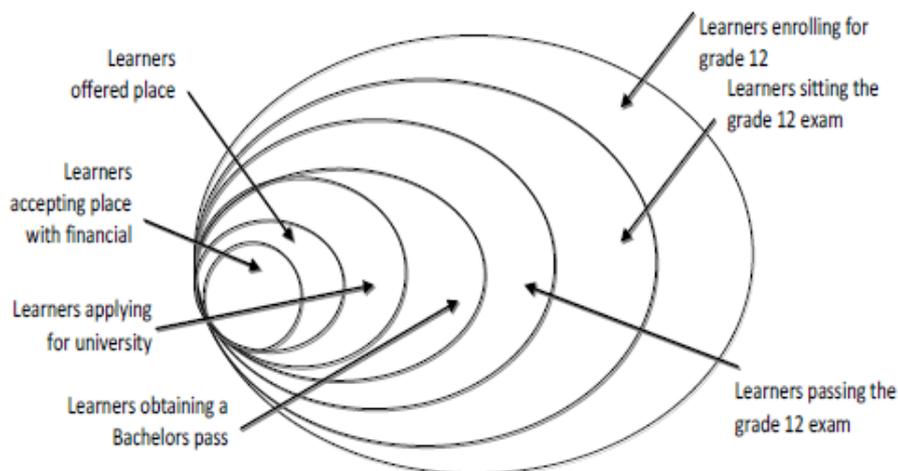
KEY RECOMMENDATIONS

i. **The critical importance of data integrity and the creation of a Master dataset**

One of the critical factors limiting NSFAS' ability to confidently draw conclusions on the performance of NSFAS-funded students is the non-availability of a single source of data which combines the data on Phoenix (for migrated loans and bursaries) and on LMS for non-migrated loans and bursaries to HEMIS data to be able to track the progress of individual students through the higher education system longitudinally²⁶. In constructing a master dataset, the student ID number must by necessity be used as the unique identifier as NSFAS and the DHET data includes the ID number as the primary key. By using the ID number, the student can be tracked as he/she moves through each successive academic year, regardless of which institution he/she may be at or which qualification they are undertaking⁵, and this will enable analysis on completion within regulation time, and academic progression and course success rates. It will also enable matching of fields of study back to the CESM (classification of educational subject matter) codes for standardisation of reporting.

An organising framework for conceptually constructing this master data set could be as suggested below. Each of these data points is available through existing agreements and partnerships NSFAS has in place²⁷:

²⁷ Lewis, F. (2012). *Traffic jams or trees: How are South African youth progressing through the post-school sector? And what lessons can we learn from current studies*. LMIP Working Paper 27. Pretoria: Human Sciences Research Council



In the process of creating this master database, consideration needs to be given to the inclusion of prior means test and family income and/or home background and/or school. If NSFAS serves predominantly students from poor backgrounds who are usually first generation university students²⁸, from schools in poor communities, then determining the success rates of these students will provide rich material for understanding the narratives of resilience and persistence.

ii. **Active critical partnerships between NSFAS and external research and policy agencies**

There are a number of key research partnerships that have been referenced in these reports. While most of these are local agencies and entities, there may be the need to also look at global partners – experienced with student financial assistance programmes in both developing and developed countries.

Partnerships with local university research engines – for example, the Development Policy Research Unit, the Labour Market Intelligence Partnership (and the HSRC), the Council for Higher Education, the Bureau for Economic Research (Stellenbosch University), the National Research Foundation, amongst others – is critical to expanding the scope and ensuring the integrity of research outputs published within the sector, particularly where these may play a role in informing the strategy, policy and/or operations of NSFAS. By so doing, NSFAS gains more responsibility for ensuring that the data pertaining to the students funded by NSFAS is portrayed and reflected accurately.

²⁸ De Villiers, P., van Wyk, C. & van der Berg, S. (2013). The first five years project – a cohort study of students awarded NSFAS loans in the first five years 2000 to 2004. Stellenbosch Economic Working Papers: 11/13. Report commissioned and initially internally published by NSFAS.

An engaged policy dialogue, not only with external stakeholders, but also with internal stakeholders (as defined in the NSFAS strategic plan) will contribute significantly to broadening the understanding of the context in which students are funded, the context in which students are supported to succeed and the context in which policy decisions can be made without unquantifiable unintended consequences.

iii. A follow-up study on the 2005 – 2009 cohorts: unpacking the performance indicators more precisely

While the CHE are engaged in undertaking their annual VitalStats review for the 2014 academic year, there is a need for NSFAS to take key lessons from the First Five Years cohort study (commonly referred to as the Stellenbosch cohort), the PER cohort and the DHET cohort exercise. These can then be applied to a follow-up cohort in which the cohort of first time entering students that were funded for the first time by NSFAS (referred to as the first-first²⁶⁾ in the years 2005 to 2009 can be tracked and performance data on these students reported on, in a similar or improved methodology to the initial project.

From these two studies, NSFAS can then draw more conclusive evidence of the impact of NSFAS over the first ten years, and can particularly reflect on the impact of any key policy changes that were introduced in this time. Given that the student centred model was introduced in 2014, this would mean that a follow-up study in five years could then examine the 2010 to 2014 cohort, and over time, track the impact of the student centred model on subsequent cohorts.

iv. Policy considerations for the Board

a. Financial eligibility:

A firmer set of rules on how to weight the financial and the academic criteria may need to be considered in the student centred model. By stricter application of the rules regarding the length of financial support offered to students, and by more closely aligning the academic pass criteria to the maximum period of funding (N+2), this wastage from students who do not ultimately complete can be minimised.

The NSFAS means test itself is under review in this year, with a view to not only updating the parameters of the expected family contribution (EFC) value, but to

also ensure that the principles and assumptions used to determine how NSFAS assesses the ability of the family to support a students' full cost of study hold true. The need to adopt other measures as proxies (for example, the school quintiles) for poverty in the absence of good, verifiable data may need to also be considered as part of this review.

b. Academic eligibility:

There is not enough evidence in the reports and papers on this matter to demonstrate that the academic eligibility criteria for students is rigorously enough applied, nor is it of itself necessarily sufficiently rigorous to ensure that students who are supported by NSFAS funding will in fact succeed and complete their qualifications.

A more intuitive look at student success at university level (as the TVET parameters are much clearer on this), and indicators of the potential for students to complete their qualifications in regulation time (or as close to this as possible) is needed. This may require increasing the courses passed rate threshold, building in a weighting system for the actual average percentage attained for all courses for which examinations were written (and/or funded), or applying priority ranking to students on track to graduate within regulation time, then those on track to graduate within N+1, and finally those on track to graduate within N+2.

Policy dialogue on this with Universities South Africa and the sector more broadly will need to be considered in the process of reviewing this for the 2017 academic year.

c. Other eligibility exclusions:

NSFAS needs to more firmly codify the non-negotiables for student funding decisions within the funding parameters. Although the NSFAS Handbook has been significantly updated and refined for the 2016 academic year, this will require further enhancement for the 2017 academic year, in line with NSFAS' expanded implementation of the student centred model. While many of the concerns raised in the reports in respect to the non-compliant application of the NSFAS parameters will be addressed in the student centred model, NSFAS must still ensure that its own internal policies, processes and systems are geared adequately to manage the complexities inherent in determining which students must be funded and how much funding they must get.

Excluding older students and prisoners needs deliberation from the NSFAS executive management and the NSFAS Board, and could be brought into the parameters for funding in the 2017 academic year.

Further criteria for the priority allocation of funding to designated scarce skills may require more attention as NSFAS progressively rolls out the student centred model to more institutions for the 2017 academic year.

v. Re-structuring the research agenda – intent, scale and value-add

As it currently stands, the NSFAS research agenda for the 2016/17 financial year may need some review given the depth of information that is currently available and summarised in this report, and given the need to undertake projects that will make an immediate impact operationally within the business.

Of priority is the need to spend time ensuring that a master dataset can be created so that analysis on the performance of NSFAS-funded students relative to non-NSFAS funded students can be accurately undertaken. Resources need to be assigned to this function, and a core project team allocated to ensure that the full mapping of all data is done in a way that is sustainable and can be annually updated.

The review and re-structure of the means test must take priority in the 2016/17 financial year. Central to the roll-out of the student-centred model in 2017 is the requirement to undergo a review of the NSFAS means test. The purpose of this review is not only to determine how NSFAS can accommodate for the “missing middle” through differentiated loan and grant products, but more critically to ensure that the output produced by the means test accurately assesses the extent to which the family of the student can reasonably afford to contribute to the cost of study. Such a review would need to interrogate the key principles that should be adopted by the Board in determining the conceptual framework for future means testing, in addition to a technical review of the core inputs and outputs of the means test itself.

Principles that require further interrogation include determining the value of retaining the expected family contribution for both ranking students and determining the value of the actual loan or bursary awarded and/or the adoption of an income threshold linked to poverty data and thresholds (different income bands linked to different product types) and/or the efficacy of using the quintile system as a proxy for poverty in the means-test waiving process. Technical elements of the review must by necessity include a whole-scale review of the

basket of goods used to calculate the household subsistence level data by region/municipality, whether or not the EFC produced accurately predicts what a family can contribute based on their income and family expenditure, and finally, the extent to which the data supplied in the means test can be auto-populated into the calculation through interfaces with other data sources through counter-parting arrangements with SARS, SASSA and DHA.

To date, only a high-level review of existing literature on means-testing locally and globally has been undertaken, which will be used to craft a policy brief for the consideration of EXMA and the Board/EXCO. This policy brief will be used as an input for the outsourcing of elements of the review work, as NSFAS does not have the capacity or capabilities to undertake this in full internally. Identifying subject matter experts and data sources from other government agencies will be finalised during March, with a view to contracting the relevant agencies. An update on progress will be presented to the Board in June, with the deployment of an updated means test planned for the second quarter of 2016/17.

Low priority projects – or projects which could be potentially outsourced completely – include the following:

- The labour market absorption rate of NSFAS funded students – there are a number of dependencies in respect to this project and research agencies that have access to better data on employment will be better positioned to undertake this project;
- The impact of final year funding – this should be considered more broadly as the impact of incentivising student. In the student centred model, the Final Year fund is a differentiated incentive offering to students rather than a separate funding product and while there are only four universities funded through this model in 2016, follow-up studies at a later time would include all universities. Such a study could be undertaken qualitatively, through a survey rather than a statistical analysis and could be seen as a policy brief rather than a full scale research project;
- Recovery mechanisms of NSFAS-type institutions around the world – as a desk top review, this could be undertaken as a policy brief, and may be well served through a partnership with an entity such as the World Bank or other global research partners; and
- An analysis of the additional support that students require to succeed – this could be a policy brief rather than full research, but could be deferred to the following financial year as this is largely outside of NSFAS's current mandate.

CONCLUDING COMMENTS

There is no doubt that NSFAS' contribution to the higher education and further education sector over the past 25 years has been significant. Not only has NSFAS distributed over R50,5 bn to approximately 1,5 million students at 26 public higher education institutions and 50 TVET colleges, but it has also sought to recover a substantial portion of this over this same time. Students funded by NSFAS are students who would not ordinarily have been able to access commercial credit to support their studies, and in so doing, NSFAS has played a role in the transformation of the post-school sector by directing funding at predominantly African students who represent the most poor in South Africa.

However, this has not been without its' challenges in this time, and while the success rates in the sector seem to suggest that there has been wastage (not only of NSFAS funds but also of grant funding allocated directly to universities and colleges), evidence points to an improvement in the performance of the sector as a whole in retaining and then graduating students out into the workplace. To fully assess this impact, much closer collaboration between various entities and agencies is required, to align data systems and structures, to track students into, through and out of the post-school sector and to ensure that NSFAS funding is recycled in line with the #PayItForward approach. So doing will minimise the risk that NSFAS and the post-school sector faces from campaigns such as #FeesMustFall. The expanded roll out of the student centred model represents one such initiative to achieve this, and should go hand-in-hand with other initiatives that will close these gaps. Together, we can achieve more.