



## **Fact Sheet 1:**

# **The impact of NSFAS over time**

## **The 2015/16 Research Agenda**

18 March 2016

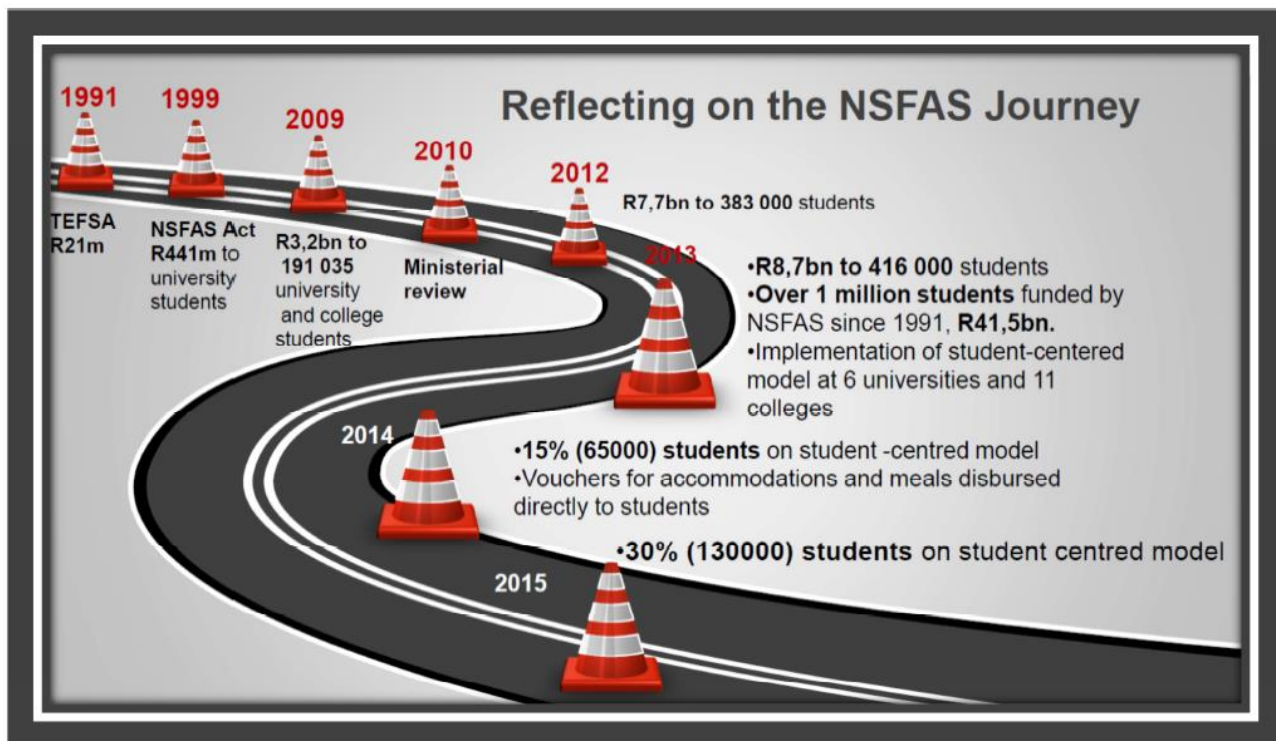
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Prepared for Submission to EXMA  
22 March 2016  
By: Research and Policy

FACT SHEET NO 1 – THE IMPACT OF NSFAS

i. On its' 25-year journey from TEFSA to the student-centred model

**Question:** What are the significant parts of NSFAS' journey from its start in 1991 to 2016?



- The NSFAS means test was introduced in 2002;
- The Department of Education appointed a task team to determine what the impact of the Scheme was, up to and including 2003;
- NSFAS and the DHET introduced the FET Colleges Bursary Scheme, the Funza Lushaka Scheme for teacher education and the Department of Social Development Scheme for social workers in 2007;
- In 2011, NSFAS undertook its first significant piece of research on the cohort of students funded from 2000 to 2004;

### ii. On enrolment in higher education

**Question:** How many students has NSFAS helped to access higher education opportunities?

- 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), and of these 83 251 students were funded by NSFAS, 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 7 240<sup>2</sup>.
- Over the 25 years, NSFAS has funded 1 700 533 students.

2000 Academic Year	2011 Academic Year	2013 Academic Year	2014 Academic Year
University enrolment: 441 504*	Enrolment in TVET: 347 412	University enrolment: 753 749*	TVET enrolment: 645 444
Funded by NSFAS: 83 251	Funded by NSFAS: 14 968	Funded by NSFAS: 194 923	Funded: 228 642

\* Undergraduate headcount, excl foreign students

**Question:** Approximately what percentage of undergraduate students who enrol at University or a TVET College are funded by NSFAS?

- Overall, in the University sector, the proportion of students funded by NSFAS has been consistently at about 20%. In the TVET sector, proportion of students funded at about 33-35%
- **BUT**, the number of students participating in higher education has increased, and will continue to increase to meet the NDP targets
- **AND**, the % of African students has increased from 4,84% (2000) to 70,1% (2013) – African students account for 87% of NSFAS funding (2013)
- **BUT**, as a proportion of the whole population, participation rate is 16.5% for 80% of the population compared to white students at 54,7% for 9% of the population.

### iii. On enrolments in Technical and Vocational Education and Training Colleges

**Question:** How many students who enrol in the TVET Colleges are funded by NSFAS?

- NSFAS funds the Report 191 and the National Curriculum Vocational (NCV) programmes at all of the 50 public TVET colleges in South Africa;
- In 2011, 347 412 students were enrolled in Report 191 and NCV programmes, of which 114 968 were funded (33%).
- While the funding grew between 2011 and 2014, with 228 642 students funded for these two programmes in the 2014 academic year out of the 645 444 enrolled, this still represented 35% of the student enrolment.

### iv. On actual numbers of students funded:

**Question:** How many students have been funded by NSFAS over time?

- 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.

**Question:** And specifically at universities, how many undergraduate students who enrol are funded by NSFAS?

From 2000, these numbers are represented as below:

Undergraduates enrolment excluding Foreign Students			
Year	# undergrads enrolled (Headcount)	# NSFAS funded	% Funded
2000	441 504	83 251	18.86%
2001	483 662	80 603	16.67%
2002	504 664	86 147	17.07%
2003	529 360	96 552	18.24%
2004	561 124	98 813	17.61%
2005	564 981	106 852	18.91%

Undergraduates enrolment excluding Foreign Students			
Year	# undergrads enrolled (Headcount)	# NSFAS funded	% Funded
2006	570 904	108 416	18.99%
2007	583 842	113 616	19.46%
2008	609 210	117 766	19.33%
2009	644 508	135 202	20.98%
2010	683 421	148 387	21.71%
2011	720 188	144 757	20.10%
2012	733 418	194 504	26.52%
2013	753 749	194 923	25.86%
2014	744 276	186 150	25.01%

- For the 2014 academic year, the number of students funded by NSFAS had grown to 186 150, out of a possible 744 276.
- 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 2000<sup>1</sup> to 70,1% in 2013.
- NSFAS students in higher education institutions have increasingly obtained degrees rather than diploma.
- Some evidence has also demonstrated that NSFAS students have predominantly received their qualifications in the social sciences (67%) with the remainder in the natural sciences.

**Question:** *How many students with disabilities have been funded?*

Year	Number	R-Value	Year	Number	R-Value
2004	680	R19 467 206.38	2010	1 040	R 35 278 148.18
2005	955	R25 666 721.06	2011	948	R 32 849 021.06
2006	1 081	R31 328 927.50	2012	1 176	R 44 531 539.94
2007	1 103	R29 576 229.49	2013	688	R 23 036 411.43
2008	863	R 26 111 625.22	2014	1 128	R 54 108 487.09
2009	762	R 25 680 382.19	2015	1 120	R 58 856 221.66

- Over the past three years, the provision of allowances for students with disabilities has increased, with more students able to access funding for human support, therefore increasing the cost per student.

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**Question:** How many African (black) students are funded by NSFAS?

- African students are the largest beneficiaries of NSFAS funding, with this accounting for 85% of the students in 2014, followed by coloured students at 5%.
- By race, from the years 2005 to 2014:

Year of Study*	A	C	I	W	Other	Grand Total
2005	40 613	1 592	663	952	30	43 850
2006	38 825	1 627	599	875	43	41 969
2007	40 993	2 138	488	1 498	59	45 176
2008	41 728	2 422	397	1 321	94	45 962
2009	50 871	2 414	499	2 082	322	56 188
2010	53 728	2 339	553	1 863	354	58 837
2011	60 354	2 673	538	1 333	782	65 680
2012	66 010	2 493	406	1 301	3 096	73 306
2013	52 884	2 555	351	1 419	7 302	64 511
2014	47 452	2 709	333	1 006	4 406	55 906
<b>Grand Total</b>	<b>493 458</b>	<b>22 962</b>	<b>4 827</b>	<b>13 650</b>	<b>16 488</b>	<b>551 385</b>

\*calculated based on year first loan issued ... unique count, not cumulative

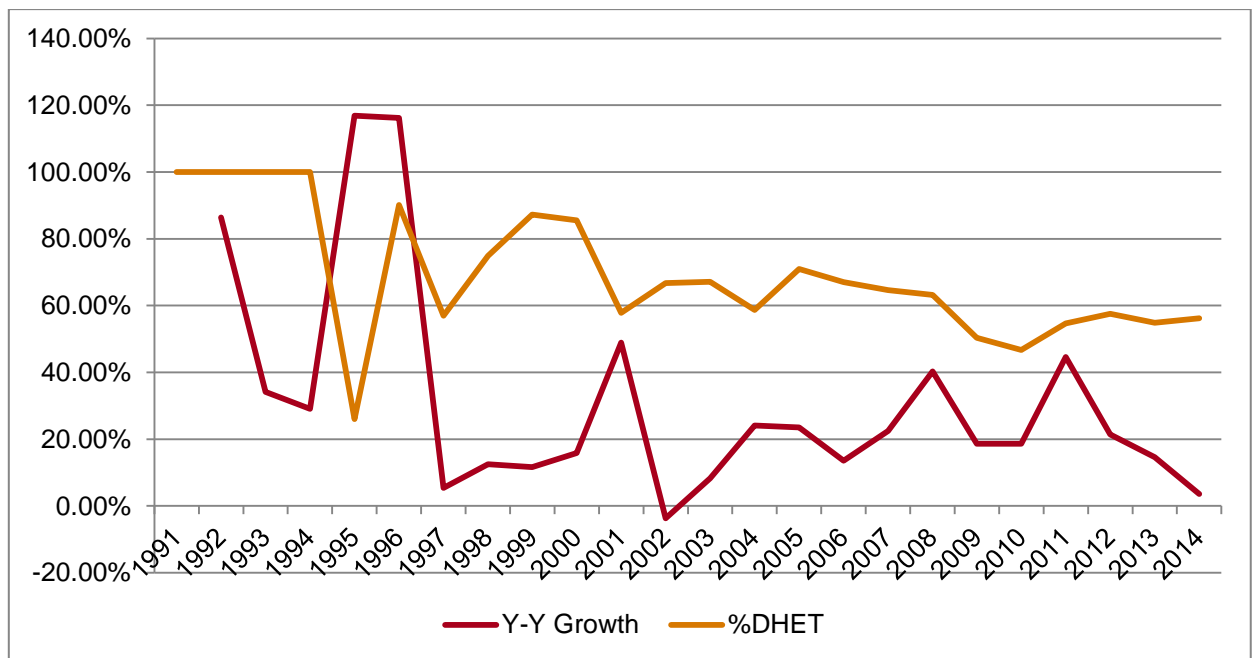
**Question:** What is the proportion of female students funded by NSFAS to male students?

Academic Year	% Female	% Male
2005	55.04%	44.96%
2006	55.86%	44.14%
2007	57.01%	42.99%
2008	57.65%	42.35%
2009	59.61%	40.39%
2010	59.48%	40.52%
2011	60.10%	39.90%
2012	59.14%	40.86%
2013	57.80%	42.20%
2014	56.58%	43.42%

### v. On the actual amount of funding awarded to NSFAS for student loans and bursaries

**Question:** How much money has NSFAS had available to distribute to students in the forms of loans and bursaries?

- 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 DHET 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 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.
- This growth in funding under management is shown below:



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- The actual amounts allocated by the different funding categories to NSFAS is shown below:

	Funds allocated to universities in R' 000 000					
	Total	DHET	Reinjection	Funza	Other	NSF
1991	22	22				
1992	41	41				
1993	55	55				
1994	71	71				
1995	154	40			94	
1996	333	300			33	
1997	351	200			151	
1998	395	296			98	
1999	441	385	14		42	
2000	511	437	9		65	
2001	761	440	149		172	
2002	733	489	150		94	
2003	794	533	169		90	102
2004	985	578	247		88	73
2005	1 217	864	261		65	27
2006	1 382	926	296		129	31
2007	1 693	1 095	295	111	42	30
2008	2 375	1 502	397	154	286	36
2009	2 818	1 419	580	181	600	38
2010	3 344	1 561	704	462	531	86
2011	4 835	2 644	719	443	519	510
2012	5 871	3 378	296	667	672	858
2013	6 729	3 693	477	890	866	803
2014	6 970	3 915	446	941	868	800
	<b>42 881</b>	<b>24 884</b>	<b>5 209</b>	<b>3 849</b>	<b>5 505</b>	<b>3 394</b>

- The growth in funding increased from R154m in 1995 to R3,2bn in 2009 (which included initial funding of R400m for the TVET sector).
- 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 bursary scheme.



- The number of students supported by TVET grants has grown from 61 703 in 2010 to 228 495 in 2014.
- 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.

**vi. On the contribution of the loan/bursary to the students full cost of study**

**Question:** *What is the maximum amount of funding a student may receive from NSFAS on average per year?*

- NSFAS awards a maximum capped amount calculated based on an average weighted full cost of study, and communicated as part of the NSFAS funding parameters each year.
- It has been reported that the maximum amount a student could receive in 1999 was R13 300, increasing to R47 000 in 2010. In the 2016 academic year, this has increased to R71 800.
- Since 2008, most universities average full cost of study increased more rapidly than in the period before that. The NSFAS capped amount has increased at a higher rate generally than inflation, but against higher tuition fee increases.

Year	Maximum	% Increase	Year	Maximum	% Increase
1999	R13 300		2008	R38 000	8.57%
2000	R14 600	9.77%	2009	R43 000	13.16%
2001	R16 000	9.59%	2010	R47 000	9.30%
2002	R17 600	10.00%	2011	R54 000	14.89%
2003	R20 000	13.64%	2012	R56 400	4.44%
2004	R25 000	25.00%	2013	R60 000	6.38%
2005	R30 000	20.00%	2014	R64 000	6.67%
2006	R32 500	8.33%	2015	R67 200	5.00%
2007	R35 000	7.69%	2016	R71 800	6.85%

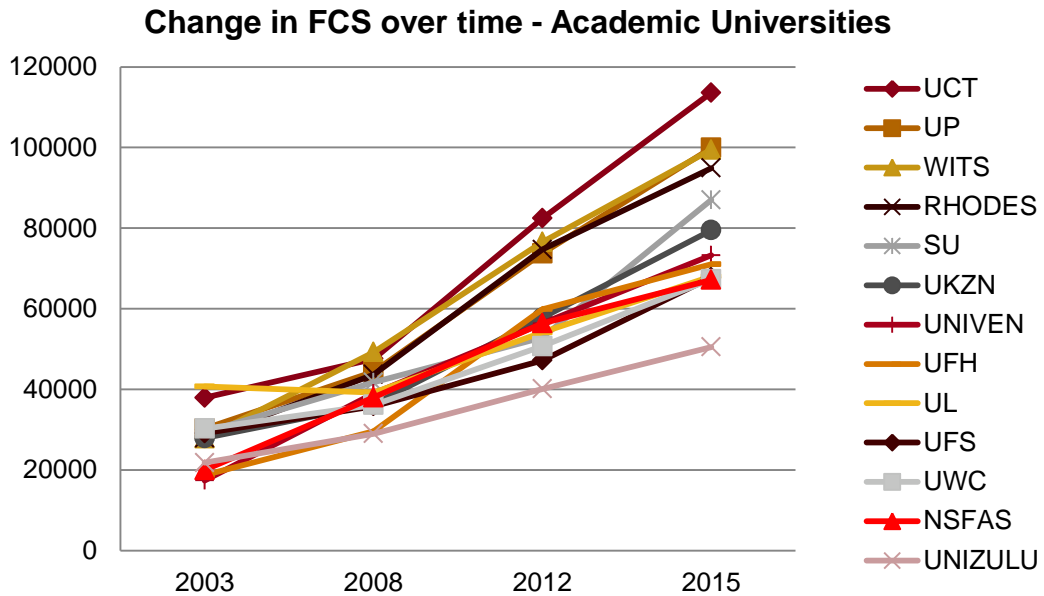
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**Question:** How does NSFAS maximum capped amount relate to the average full cost of study per university and the growth in the FCS over time?

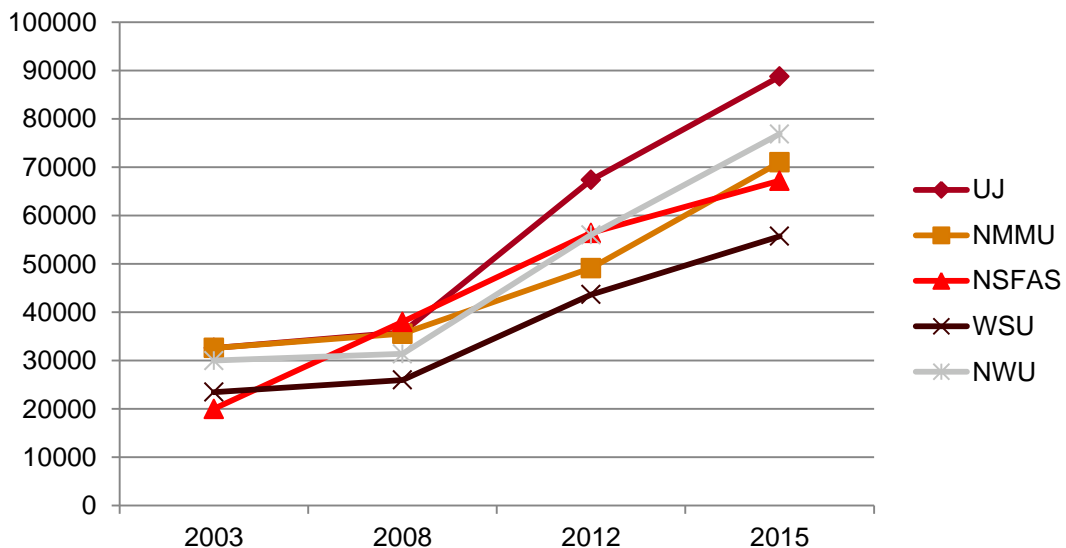
	Average FCS for selected years				% average annual growth			
	2003	2008	2012	2015	2003-2008	2008-2012	2012-2015	2003-2015
<b>Average CPI</b>					<b>4.5%</b>	<b>7.0%</b>	<b>5.8%</b>	<b>5.6%</b>
UCT	37 925	47 564	82 428	113 602	5%	15%	11%	<b>10%</b>
UP	30 243	44 387	73 741	99 900	8%	14%	11%	<b>10%</b>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

## Research and Policy Fact Sheet 1 – The impact of NSFAS

- In the academic universities, UCT, UP, WITS, Rhodes, Stellenbosch and UKZN are consistently higher than the NSFAS maximum cap award – see chart below:

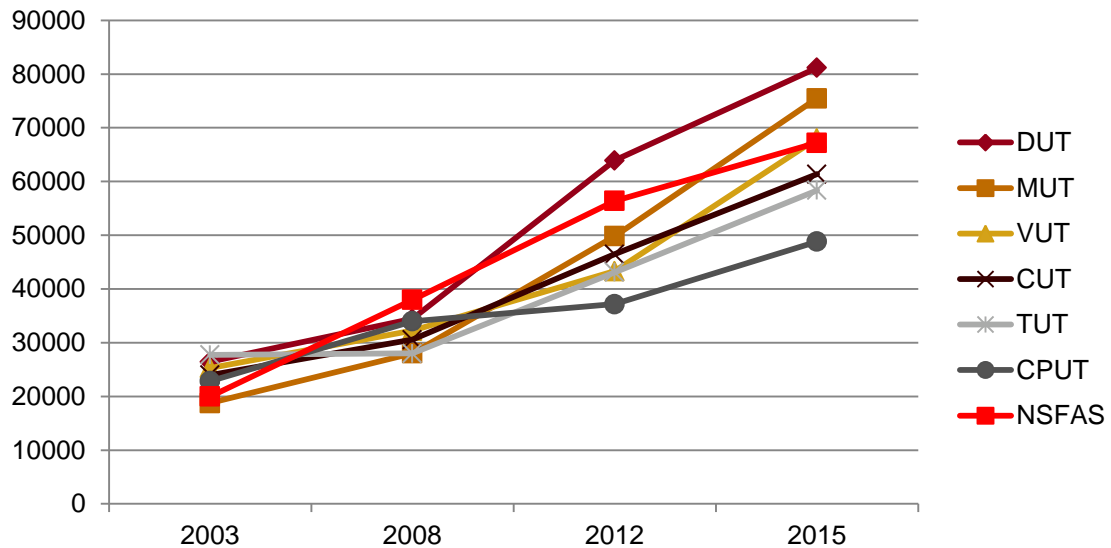


- In the comprehensive universities, only UJ has been consistently above the NSFAS maximum capped amount, with NMMU and NWU appearing above the NSFAS maximum in the last three to four years:



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- In the Universities of Technology, only DUT has been higher than the maximum NSFAS capped award for a long period (more than three years).



**Question:** What is the average loan or bursary size students claim from NSFAS?

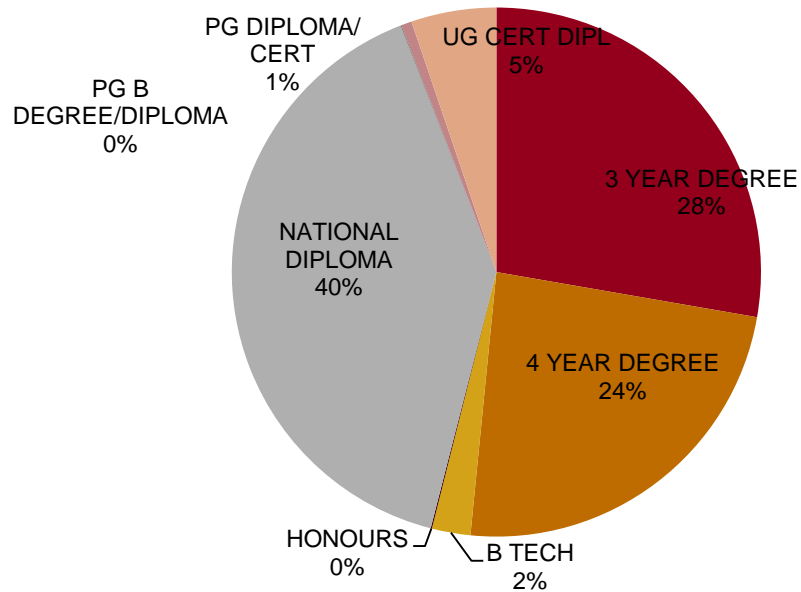
Year	Average of Average Cost (Full)
2005	R 13,102.65
2006	R 13,804.47
2007	R 19,520.28
2008	R 21,272.32
2009	R 25,429.21
2010	R 27,925.80
2011	R 33,389.73
2012	R 37,972.14
2013	
2014	
2015	

- High-level analysis across different fields of study, and types of qualification has not evidenced significant in-year variations in costs – this may be because the averaging across the institutions has flattened out the effect of these variables. Further analysis may be necessary.

## Research and Policy Fact Sheet 1 – The impact of NSFAS

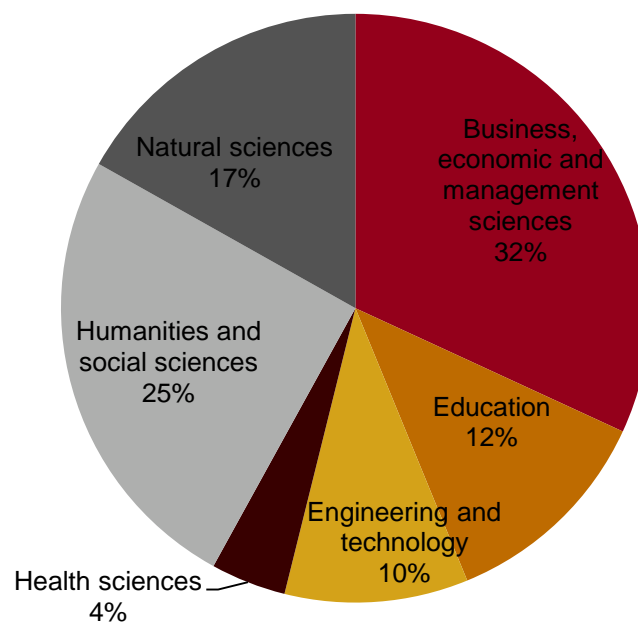
**Question:** What type of qualifications has NSFAS supported since 2005?

- A small number of masters and doctoral programmes have been supported in addition to those indicated, and advanced and higher certificates (less than 1%)



**Question:** Are there more NSFAS loans or bursaries awarded in particular fields of study?

### Fields of study undertaken by NSFAS funded students



### vii. Loan recovery and sustainability of the Scheme

**Question:** How much money has NSFAS recovered from debtors, and what is done with this money?

- 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.
- 100% of funds recovered from student repayments are recycled back into new loans.
- Over the years from 1999 to 2015, R5,4bn has been recovered by NSFAS:

Years	Amount recovered R'000 000	Years	Amount recovered R'000 000
1998/9	32	2007/8	479
1999/2000	68	2008/9	556
2000/1	92	2009/10	636
2001/2	111	2010/11	638
2002/3	157	2011/2	539
2003/4	210	2012/3	423
2004/5	244	2013/4	339
2005/6	329	2014/5	248
2006/7	392		

- Of this, by the end of the 2014/15 financial year, R5,2bn had been reinjected into new loans with the balance to be rolled over into the next academic year;
- Between 1997 and 2006, the funds recovered made a significant contribution to the funds disbursed to students.

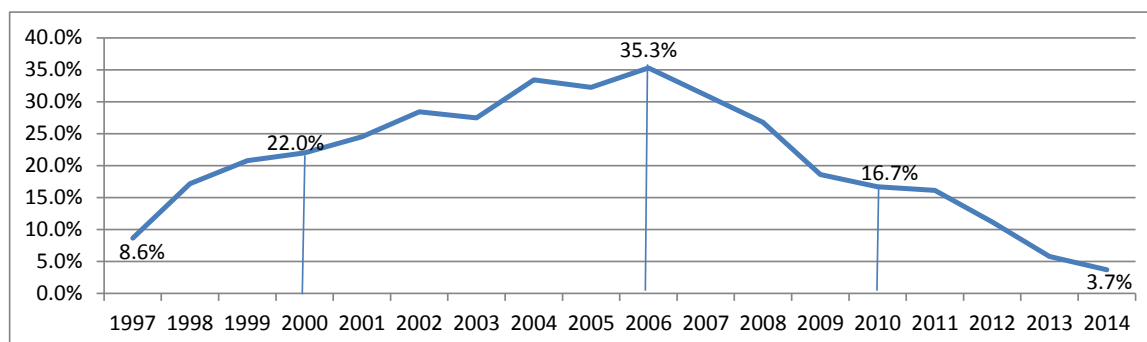


Chart: Value of loan recoveries as a % of loan disbursements

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- From reaching a high of R636m in 2008, the value recovered per year dropped to R248m in 2014.
- 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.

**Question:** *In what ways are NSFAS loans made more affordable for students?*

- NSFAS discounts the interest rate it charges students on their loan balances. Not only does NSFAS not charge interest while the student is still studying and for 12-months post-exit, but NSFAS charges an interest rate at 80% of the repurchase rate on the 1<sup>st</sup> April of each year:

Academic Year	Financial Year	Interest Rate
1991	01.04.91 – 31.03.92	12.00%
1992	01.04.92 – 31.03.93	15.50%
1993	01.04.93 – 31.03.94	13.99%
1994	01.04.94 – 31.03.95	9.77%
1995	01.04.95 – 31.03.96	8.81%
1996	01.04.96 – 31.03.97	9.90%
1997	01.04.97 – 31.03.98	8.90%
1998	01.04.98 – 31.03.99	9.90%
1999	01.04.99 – 31.03.00	8.90%
2000	01.04.00 – 31.03.01	8.50%
2001	01.04.01 – 31.03.02	7.30%
2002	01.04.02 – 31.03.03	7.60%
2003	01.04.03 – 31.03.04	10.40%
2004	01.04.04 – 31.03.05	7.00%
2005	01.04.05 – 31.03.06	5.00%
2006	01.04.06 – 31.03.07	6.00%
2007	01.04.07 – 31.03.08	7.00%
2008	01.04.08 - 31.03.09	Varied
2009	01.04.09 – 31.03.10	7.60%
2010	01.04.10– 31.03.11	5.20%
2011	01.04.11– 31.03.12	4.40%
2012	01.04.12– 31.03.13	4.40%
2013	01.04.13– 31.03.14	4.00%
2014	01.04.13– 31.03.15	4.40%
2015	01.04.15– 31.03.16	4.40%

**Question:** How else does NSFAS makes loans more affordable for students?

- Up to 40% of each award to a student is converted into a bursary, where the extent of this conversion is dependent upon academic results.
- The amount of capital converted into bursaries between 1996 and 2014, are expressed as a percentage, is:

Year	%	Year	%	Year	%
1996	26.6 %	2003	28.2 %	2010	
1997	28.9 %	2004	29.1 %	2011	
1998	29.4 %	2005	28.6 %	2012	
1999	28.8 %	2006	27.5 %	2013	
2000	29.4 %	2007	27.9 %	2014	
2001	28.9 %	2008	28.3 %	2015	
2002	28.7 %	2009	28.0 %	2016	

**Question:** Are there any other hidden concessions/discounts in the NSFAS loans?

- As NSFAS does not pay cash out to students for money allocated but not spent in the year, this funding comes back as a first repayment against the full loan value. It then is re-injected back into new loans in the following year:

Have requested a table of credit balances per year. Still waiting for this.

- Because NSFAS offers a discounted interest rate, NSFAS reports an accounting loss on the value of the loan every year – this is called the social benefit component of the loan and amounts to a significant amount over the past four years alone. This amounts to the effective loss in value suffered by the loan as a result of NSFAS not charging a market related interest rate:

	Net new loans issued R '000	Social Benefit Component R '000	% loss of loan value
2011/12			
2012/13			
2013/14			
2014/15			



### viii. Performance of NSFAS-funded students

**Question:** How do NSFAS-funded students perform overall in terms of drop-out and graduation?

- At the time of the Ministerial Review, it was reported 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.
- Another study tells us that of the students entering university in the year 2000 (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);
- 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.

**Question:** What is the pass average of NSFAS-funded students?

- This is reported annually based on the number of courses passed relative to the number of courses enrolled for by NSFAS-funded students. It is this ratio which is used to determine the portion of the loan amount converted to a bursary:

YEAR	PERCENTAGE	YEAR	PERCENTAGE	YEAR	PERCENTAGE
1996	72.6 %	2003	72.3 %	2010	N/A
1997	75.3 %	2004	74.3%	2011	75.8%
1998	76.1 %	2005	73.9 %	2012	75.7%
1999	73.8 %	2006	73.4 %	2013	75.8%
2000	74.6 %	2007	74.7 %	2014	80.2%
2001	73.1 %	2008	72.9 %	2015	85.7%
2002	73.9 %	2009	73.9 %	2016	