



05 August 2023

KEY CHALLENGES CREATED BY THE NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS) PLACE UNIVERSITIES AT RISK OF INSTABILITY AND BEING PLUNGED DEEPER INTO DEBT

The Board of Directors of Universities South Africa (USAf) is deeply concerned about the key challenges that have been created by the National Student Financial Aid Scheme (NSFAS). Their speedy resolution is paramount for the well-functioning of the higher education sector. As we write, several institutions in the sector affected by the new NSFAS allowance system, defunding and accommodation capping, face violent protests. Some of them have been forced to either halt planned face to face academic activity or resort to online learning in order to save the semester. Specifically, key challenges that Universities face with regard to the administration of new NSFAS initiatives are the following:

Process of Defunding of Students

The defunding of students in the middle of the academic year has caused challenges for the students and the universities. NSFAS has provided neither the reasons for the revocation of student bursaries nor a mechanism of appeal for the defunded students. Those students who have tried to reach NSFAS have been unsuccessful. This is a source of frustration among students and staff alike, and an instability at universities.

Direct Disbursements of Student Allowances

The USAf Board has taken issue with the NSFAS's decision to disburse students' allowances directly to the students out of concern that the system that the NSFAS was implementing had not been tested at universities. NSFAS was advised to implement this new system in a phased approach within universities. These direct payments pose a risk of NSFAS continuing to pay deregistered students or those who have stopped attending classes, given that the universities' databases are not integrated with that of NSFAS. According to NSFAS' latest reports 14% (more than 50 000) students are still to be onboarded, resulting in undue pressure on these students who have to pay rent to their landlords who are threatening to evict them. This is clearly placing universities in jeopardy as they have to deal with students' concern yet the contracts for direct payment of students exclude them.

Student Accommodation Capping

The USAf Board has made representations to the Minister of Higher Education, Science and Technology regarding the NSFAS policy of student accommodation capping. NSFAS has since January 2023 imposed a cap on student accommodation at R45,000 annually (excluding meal

allowances). This has created a discrepancy between, on the one hand, multi-year contracts with landlords for outsourced/accredited accommodation and what some universities are charging, and, on the other hand, what NSFAS is prepared to pay. This has implications on student debt and on students' continued stay when landlords cannot be paid fully. The impact of this policy implementation on universities is that student debt has accumulated at over R700 million -- the difference between what some universities are charging the students for accommodation and food and what NSFAS is prepared to pay, just for 2023. The Vice-Chancellors' concern over the issues of accommodation cap was raised with the Minister at a meeting on 3 March 2023. This was followed up by a written communique to the Minister, requesting that the policy be withdrawn as universities' budgets for 2023 had long been concluded. Universities had already placed students in residences (university owned and outsourced/accredited) costing, in some cases, higher than what the NSFAS policy on capping was making provision for. Meanwhile, as NSFAS' student accommodation capping remains unresolved, students continue to be levied full accommodation fees, plunging them into debt that will result in them being blocked from registering in 2024 – at a huge risk to the sector.

It must be remembered that it is government policy that in January 2018 introduced full funding for NSFAS qualifying students, without any cap. So, while the USAf Board supports, in principle, that funding available could put a limit in the implementation of policies, introducing limits such as accommodation allowance capping in the manner in which NSFAS has implemented it, is now bringing the higher education system to a halt. The Board has advised NSFAS that due diligence should be followed in the formulation or revision of the appropriate policy on the capping of student accommodation fees. It is imperative for NSFAS to consider the geographic, social and economic contexts of each university in such an exercise. A one-size-fits-all will inevitably create key challenges for the university sector.

From the end of June 2023, the USAf Board of Directors has made numerous attempts to meet again with the Minister to resolve these issues. Since then, even though meetings have been agreed to by the Ministry and the Department, they are yet to materialise. It is our view that the Minister should intervene with urgency in this situation.

Dr Matutu, the CEO of USAf said it was most concerning that the sector's engagements and insights on these policy changes had fallen on deaf ears. In the face of very possible escalation of student protests, as pointed out earlier several institutions have had to suspend face-to-face teaching and learning, triggering the uncertainty that university communities were beginning to emerge out of, since the onslaught of CoViD-19. In the interest of smooth continuation of the academic project, USAf appeals for urgent engagement with the Minister and NSFAS to resolve these issues decisively.

Media inquiries: Nqobile Tembe (0782531968)