

How do students finance their studies? A student indebtedness study at the University of Cape Town

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Post-school enrolment and the cycle of inequality

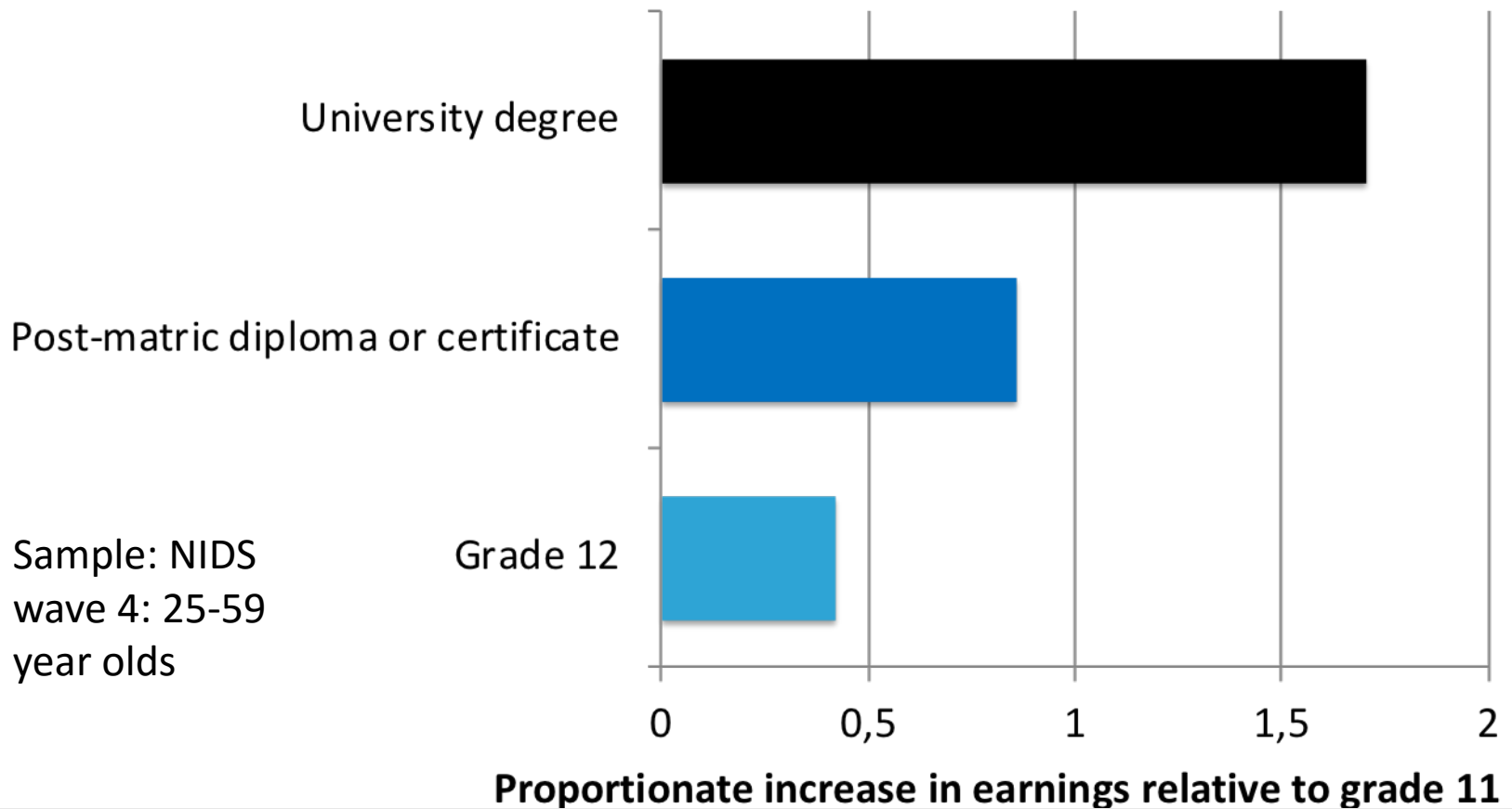
- Low and unequal levels of post-secondary enrolment lead to skill shortages.
 - Shortages result in high rewards for the skilled and in turn low rewards for the unskilled,
 - Means the unskilled remain poor and, as a result, have limited access to post-secondary education.
 - And so, the cycle continues.
- AND SO, THE CYCLE CONTINUES



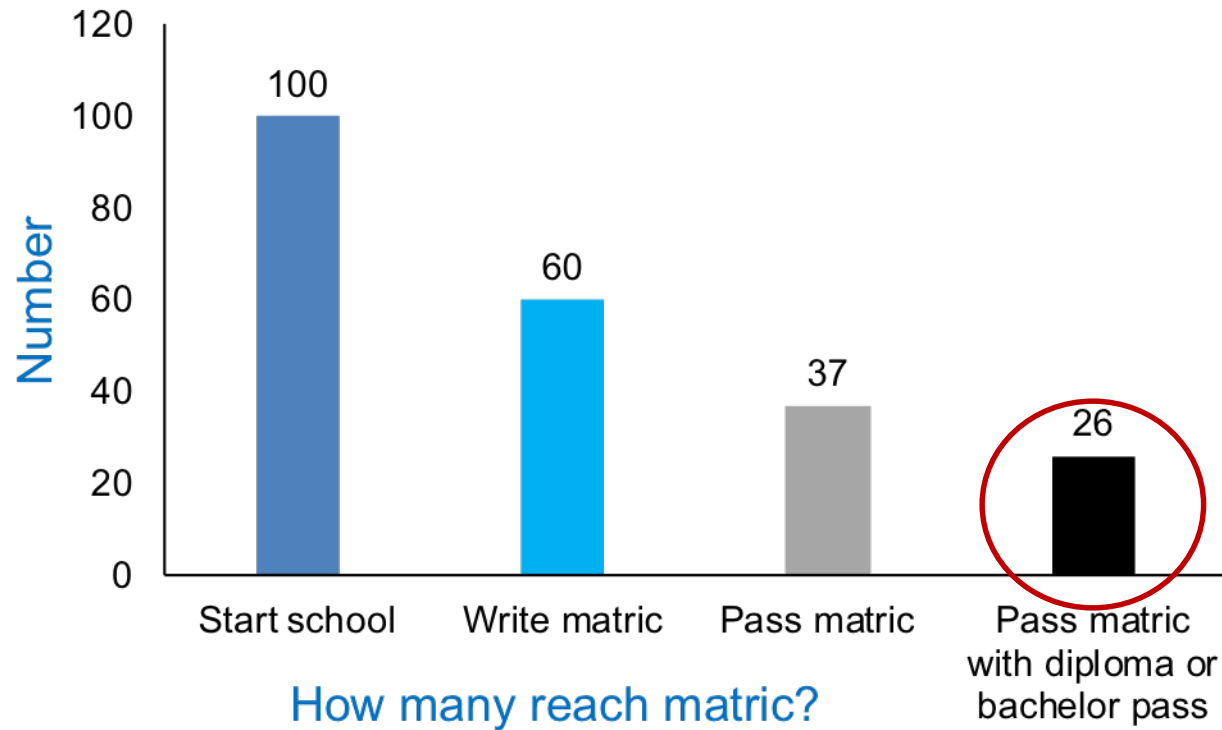
Background

- The high returns to investment in higher education in South Africa are well documented (Keswell and Poswell (2004), Mwabu and Schultz (2001) and others).
- Universities have a major role to play in providing the opportunity for graduates to succeed in the labour market.
- In SA, 93 per cent of university graduates were employed, compared to 73 per cent of those who had completed matric only (National Treasury Budget Review, 2017)

Post schooling qualifications reward in the labour market



Basic education system leaves many behind

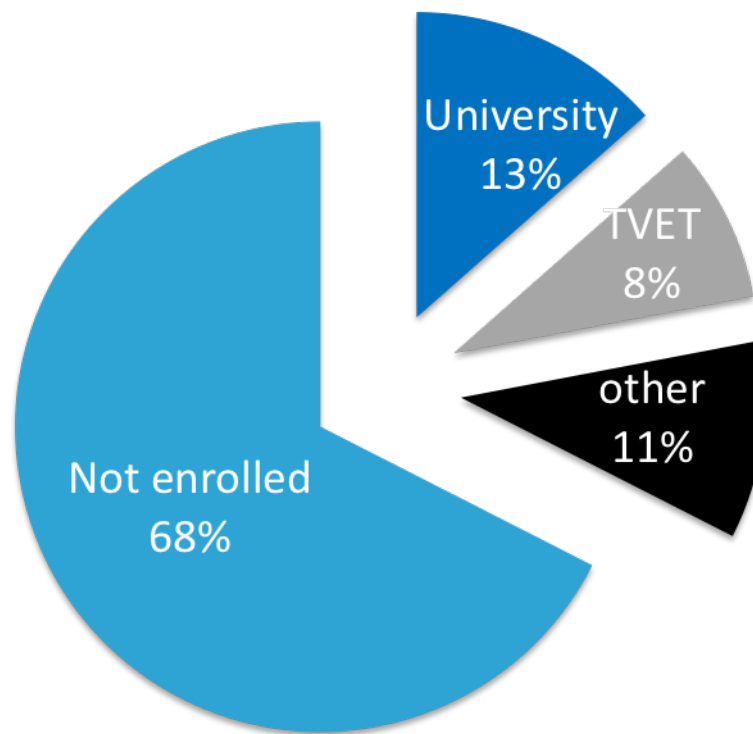


Source:

Van Broekhuizen, van der Berg & Hofmeyr (2016)

Post-secondary enrolment

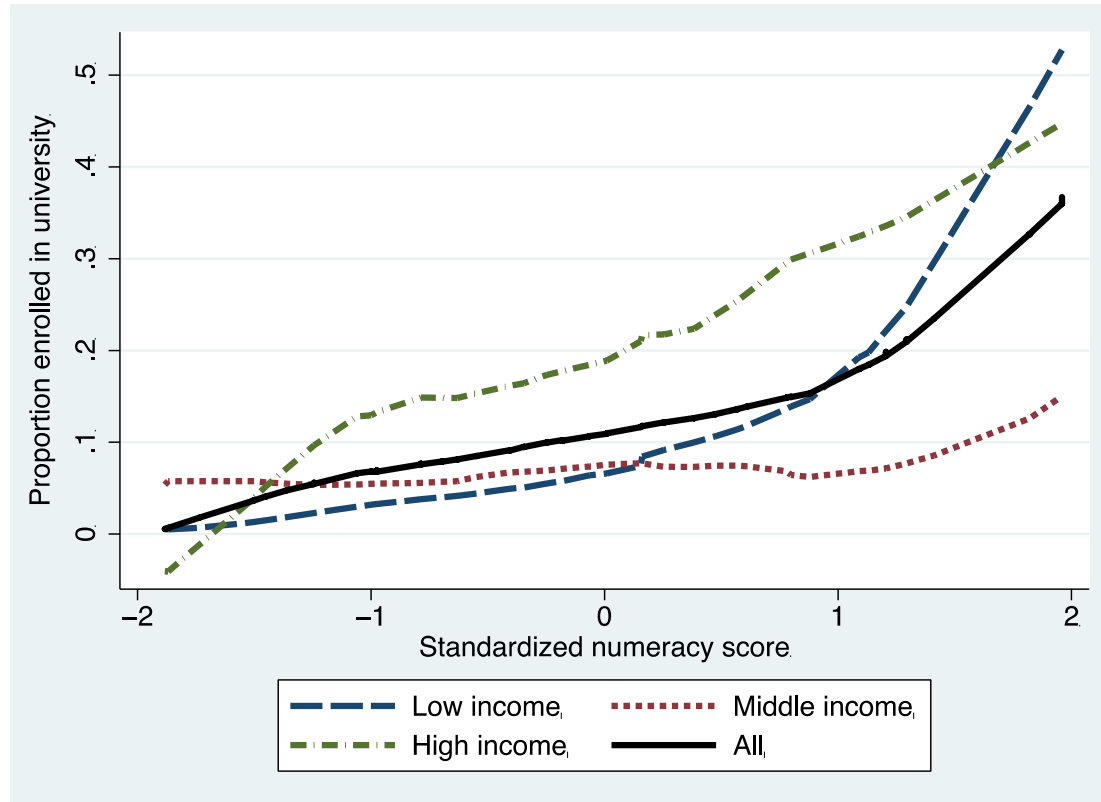
NIDS waves 1-4:
- In Matric 2008
-2014
- Seen again
within 2 years



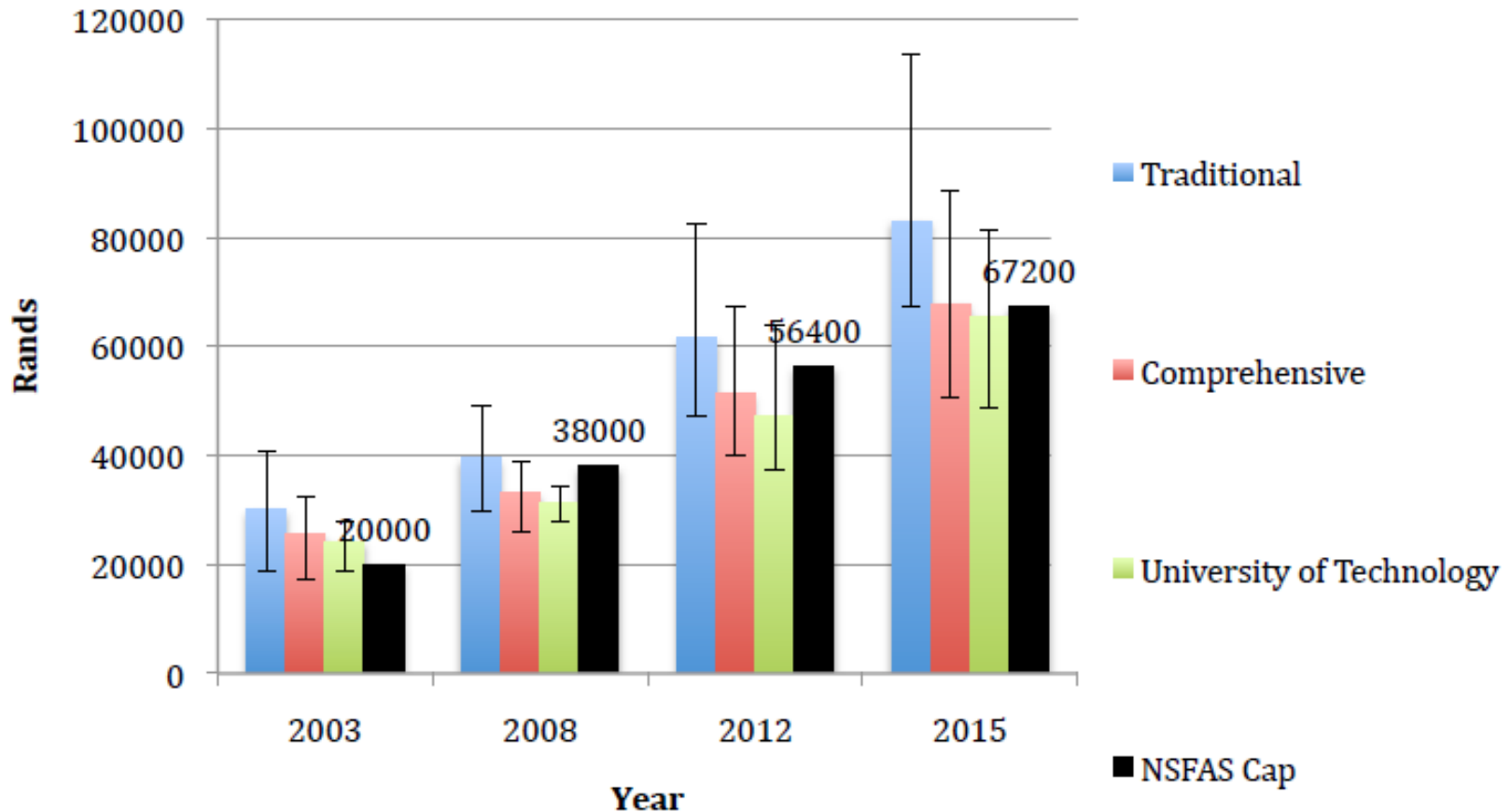
Enrolment status within 2 years of grade 12

University enrolment by numeracy score and income

Proportion enrolling in University within 2 years



Costs of Study Vs. NSFAS funds



Source: Understanding the National Student Financial Aid Scheme- SALDRU Information Sheet

Summary of background

- Affordability is a key obstacle to accessing higher education, even once academic merit is considered.
- Those in the middle income group have lower enrolment in university than the low income group, possibly a result of NSFAS.
- Yet, NSFAS is not a panacea – full funding shortages.

Introduction

- The wave of university protests from 2015 responded to high costs of studying at SA universities.
- These protests led to current national debates on how best to finance higher education and what is feasible/affordable.
- In December 2017, former president Zuma announced that all families with incomes <350K would be fully funded via the NSFAS bursary.
- There is however little empirical evidence of how students are financing their full costs and the impact of different strategies on their academic and post school success.



Research question

How do students finance their studies at the University of Cape Town (UCT)?

- What are the costs of studying at UCT?
- What are the various sources of finance that student's use?
- To what extent are there variations by first generation status, gender, faculty, academic year?
- What is the relationship between academic performance and funding strategy?

Why UCT?

- Mainly a result of data and student accessibility
- Would like to implement the survey in other universities, please let me know if you are interested. Alternatively, SASSE can provide some comparative data
- But UCT, while not nationally representative, is a useful case study in that:
 - Student backgrounds and financial needs vary, providing a broad range of strategies to examine.
 - Abstracts (?) from some of the other dimensions related to funding
 - UCT has provided financial aid to students who meet the funding shortfall of NSFAS and whose gross family income is below R 230 000.
 - UCT selective of students with higher than average matric results.



Methodology

- Descriptive analysis of survey data linked with UCT institutional and Census data.
- Census of students in 2018, with intention to follow up end of 2018 or 2019.
- Online questionnaire – emailed, Vula, DVC communication, twitter
- Questions on funding sources and educational costs in 2017
 - Modules adjusted for first year students
- Ethics and access to students approvals granted via normal UCT protocols.



Methodology - Data

- Student survey - currently underway
 - Initially online but due to low response rate, plans for in class paper survey
- Linked to institutional data
 - To assess response bias
 - To enable a shorter questionnaire
 - Objective information
- Linked to school and census data
 - Socioeconomic information



Welcome to the Student Finances Survey.

Dear Student,

This survey is intended to gather information about how UCT students finance their studies and forms part of research conducted for a PhD thesis. It also responds to a request from the University of Cape Town Council.

Your participation in the survey has the potential to improve your experience at the University, as well as those of future generations.

Education is the backbone of any nation.

Play your part in helping us understand your financial experience at UCT by completing the survey. It will only take you 10 to 15 minutes and you will have a **chance to win R2 000!**

[Start](#)

Methodology - Challenges

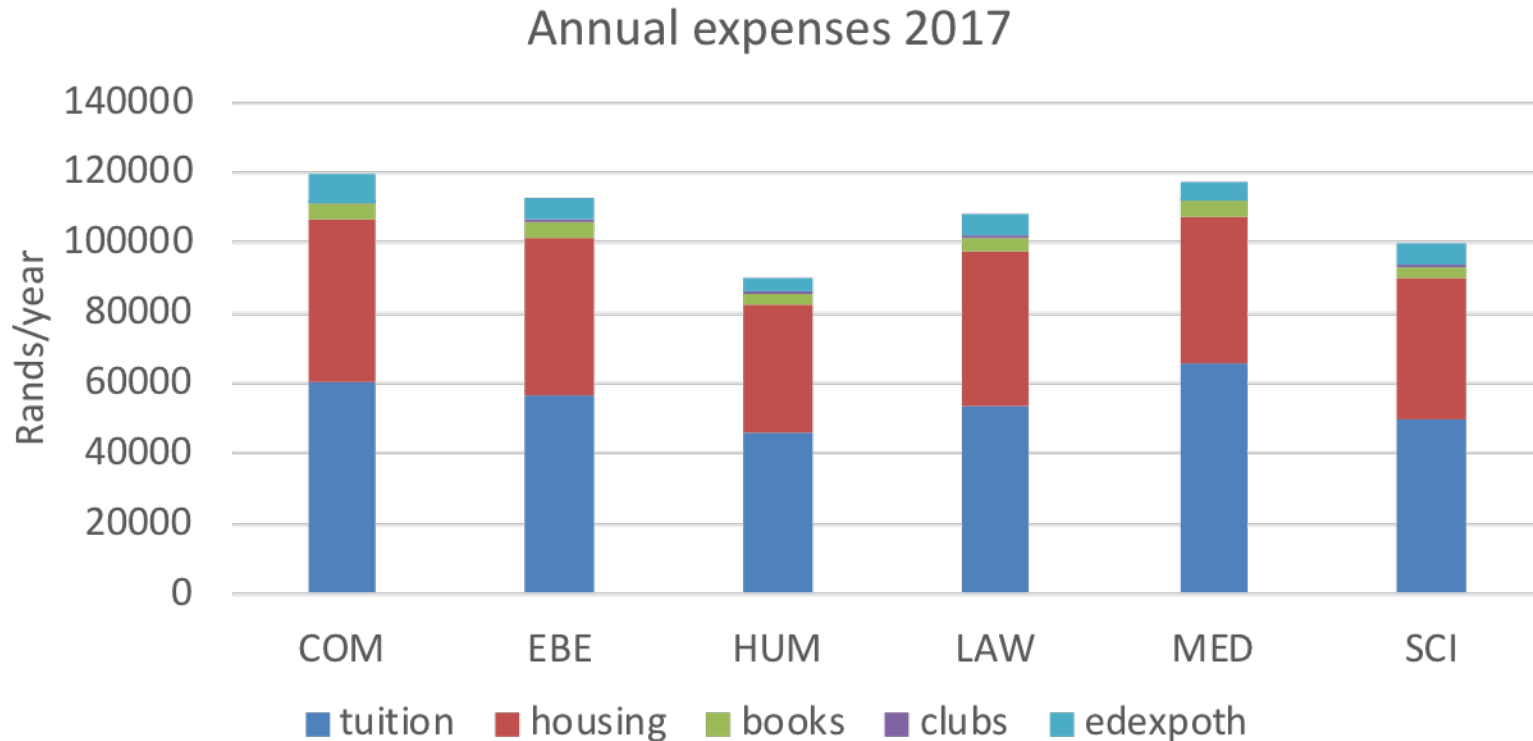
- Low response (13%) = not necessarily representative

	Indicated 1st or 2+ year	Refused	Answered	Internal Response rate	Undergrads matched	Overall response rate (undergrads only)
1st year	1092	5	856	78%	718	13%
> 1st year	2688	6	2078	77%	1,365	12%
All	1092	5	856	78%	2,083	13%

- Connecting with students to establish a panel

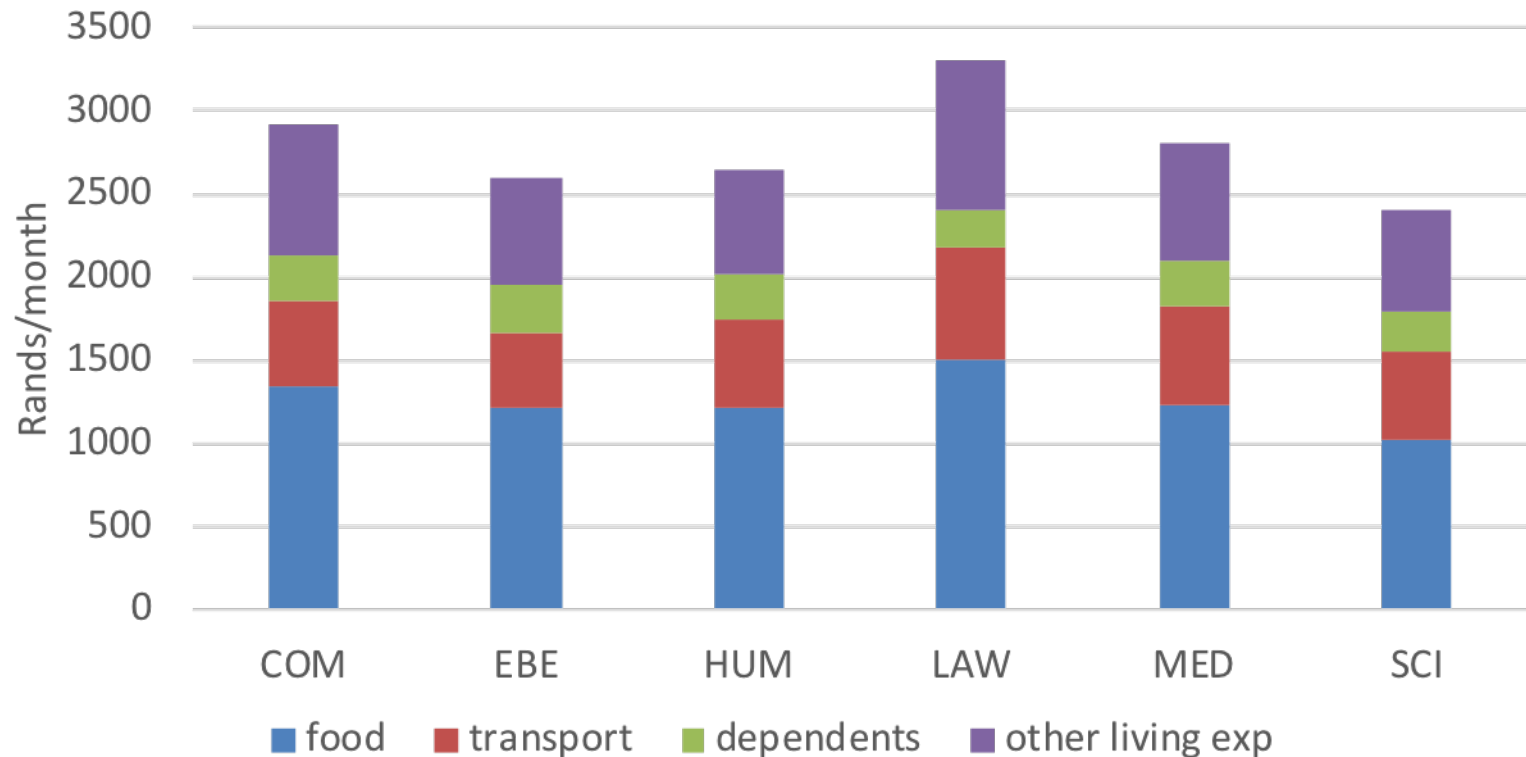
		Responded		All	
		Mean	#	Mean	#
<i>Male</i>		0,40	1961	0,47	15494
<i>SA</i>		0,84	2083	0,84	16612
<i>Redress category</i>					
	1	0,51	1341	0,38	10057
	2	0,21	1341	0,21	10057
	3	0,06	1341	0,08	10057
	4	0,00	1341	0,01	10057
	5	0,22	1341	0,32	10057
	Open	0,22	1341	0,32	10057
	missing	0,36	2083	0,39	16612
<i>Faculty</i>					
	COM	0,28	2083	0,26	16612
	EBE	0,16	2083	0,20	16612
	HUM	0,26	2083	0,27	16612
	LAW	0,03	2083	0,04	16612
	MED	0,15	2083	0,13	16612
	SCI	0,12	2083	0,10	16612
<i>Academic year</i>					
	1st	0,34	2083	0,32	16593
	2nd	0,31	2083	0,29	16593
	3rd	0,24	2083	0,26	16593
	4th	0,07	2083	0,10	16593
	5th (MED)	0,01	2083	0,01	16593
	6th (MED)	0,01	2083	0,01	16593

Preliminary results:



Preliminary results:

Expenses last month



Preliminary results:

- Most students use at least one funding source

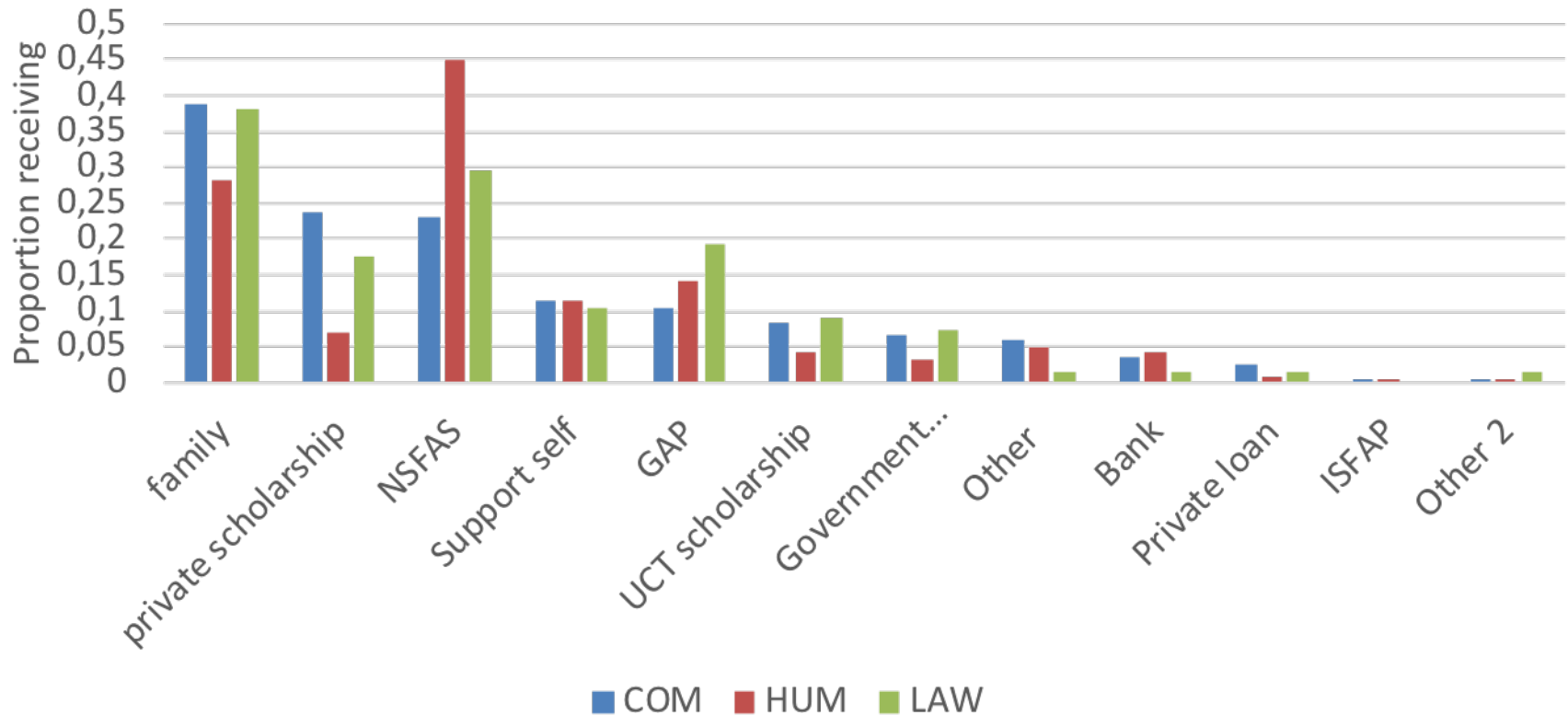
	All	First Generation	Other
0	33%	21%	45%
1	52%	61%	42%
2	14%	16%	11%
3	2%	2%	2%
4	0%	0%	0%
5	0%	0%	0%

Tables: Excludes family support and self support

- 34% of students get family support, 23% of first generation students, 47% of other students.
- 11% of students say they receive no funding and support themselves, 8% of first generation, 15% of other.

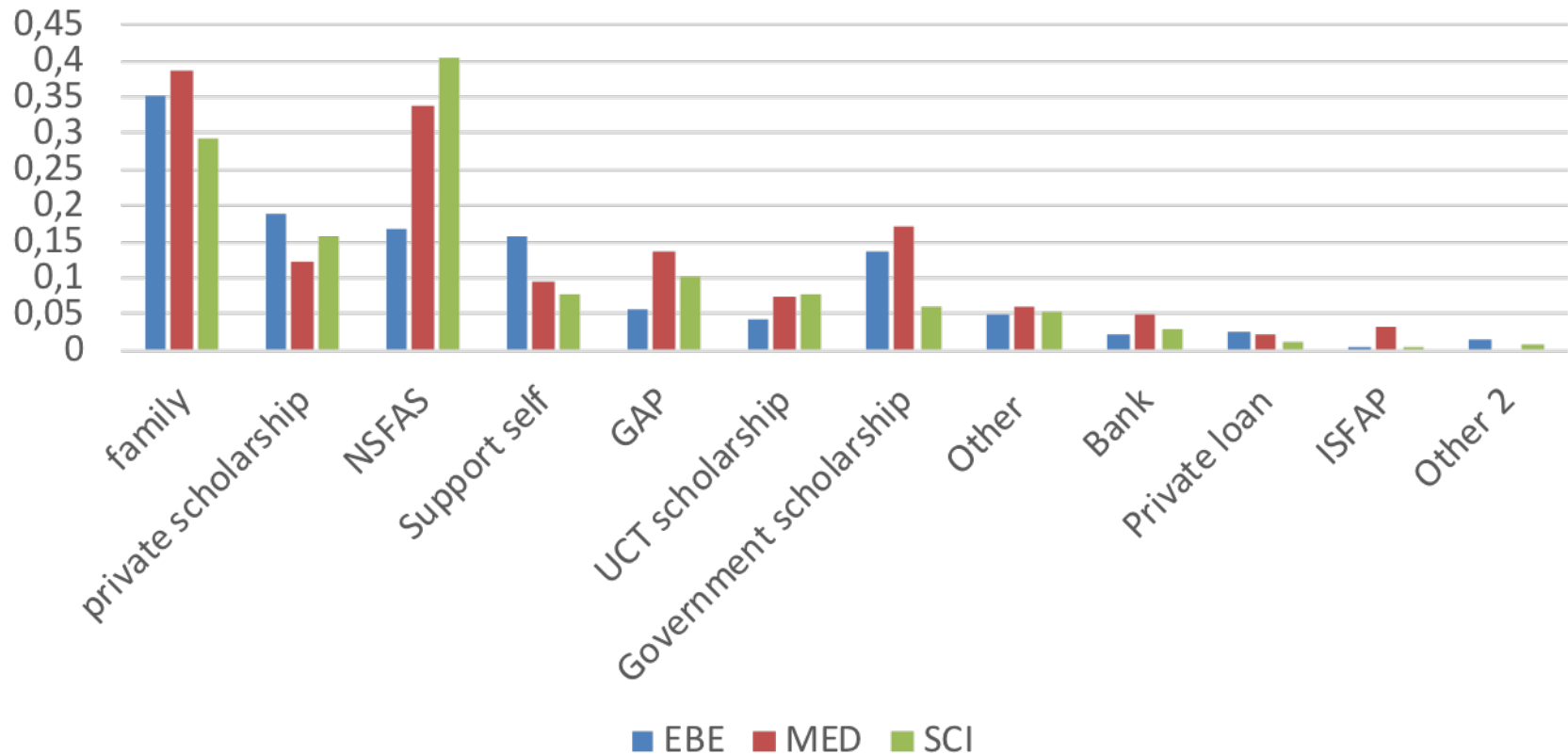
Preliminary results:

Funding Source by faculty

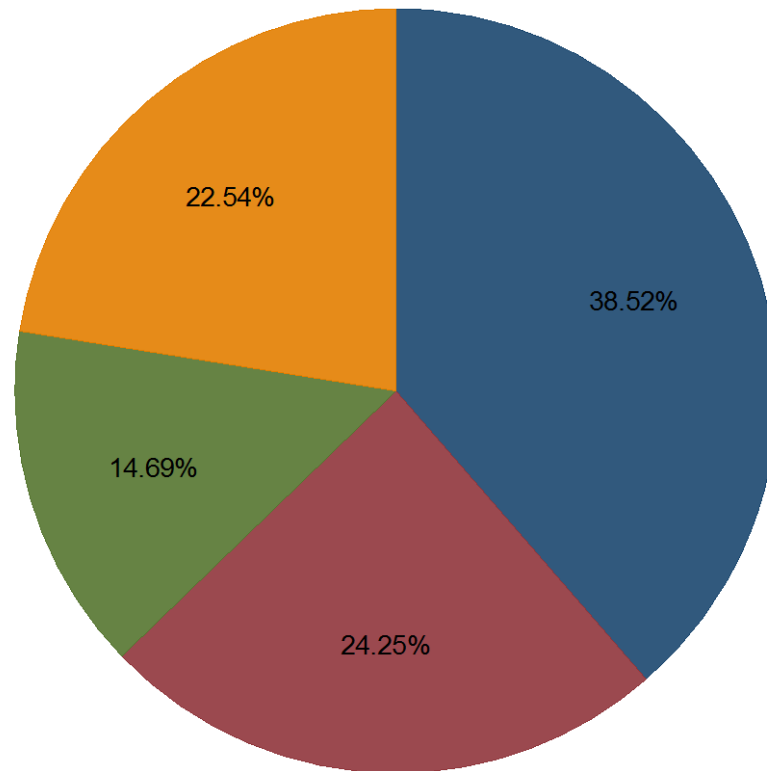


Preliminary results:

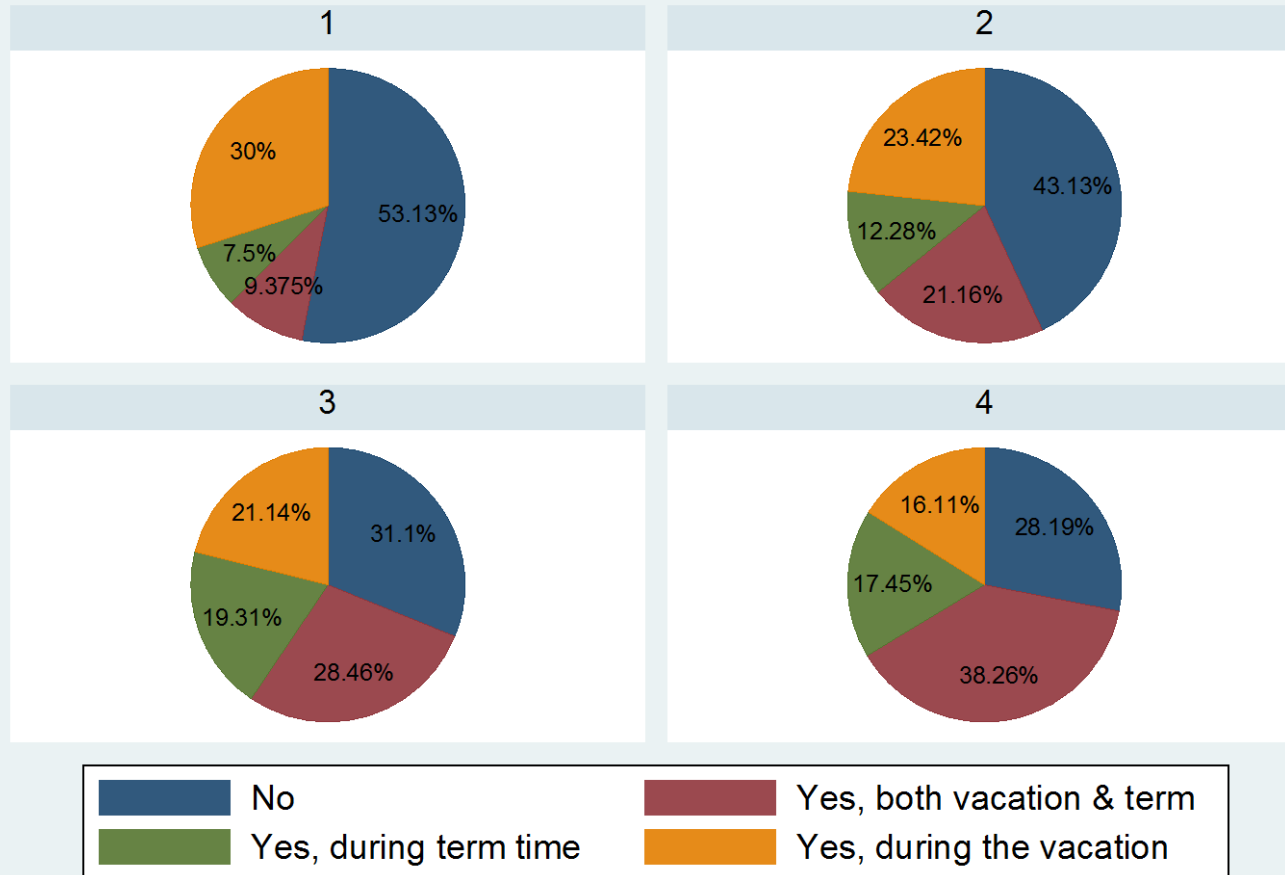
Funding Source by Faculty



Preliminary results: Work?

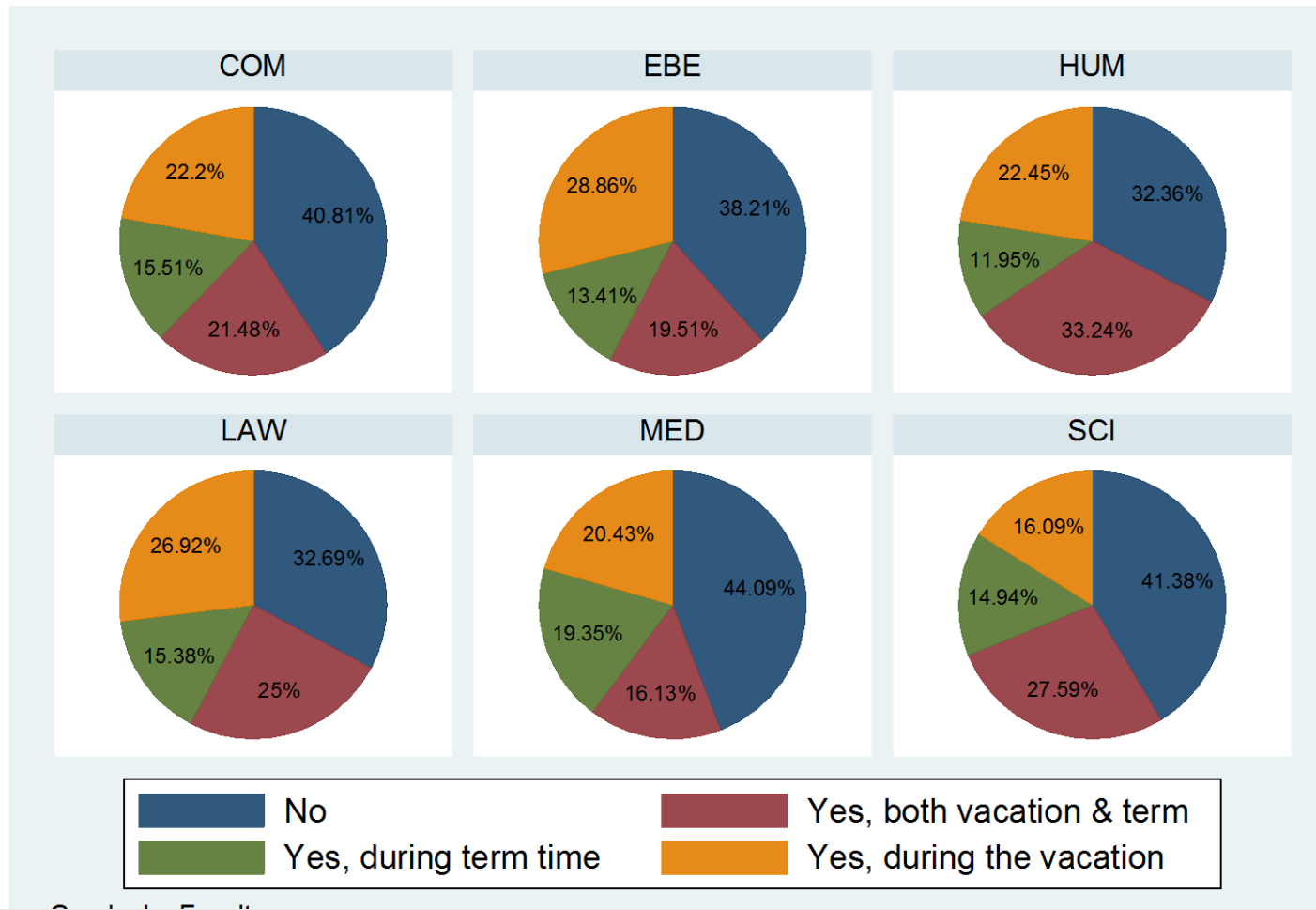


Preliminary results: Work?



Graphs by RECODE of acadyear2 (group(acadyear))

Preliminary results: Work?



Going forward

- In class survey
- Analysis:
 - Analysis of data on composition of funding sources, levels, accumulation of debt etc.
 - Relationship between student academic outcomes and funding strategies, including work
 - Changes between 2017 and 2018 given new funding policy
- Comparisons with other institutions, including TVETS?

Further work in this area

- Access to bursary funded post schooling education: The effects on the applicant and enrolment pool for university and TVET.
- What are the enrolment effects of extending funding to the missing middle?
- The effect of access to a bursary rather than a loan on student enrolment, progress and graduation at UCT.

THANK YOU

Acknowledgement:

This research was conducted as part of the **Siyaphambili** project funded by the **Kresge Foundation**.

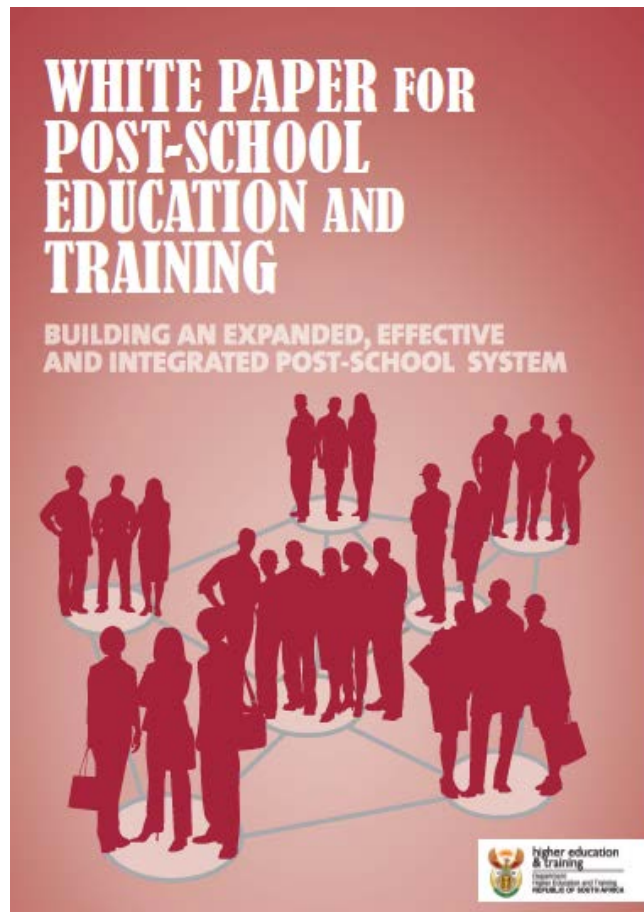


SALDRU

Southern Africa Labour and
Development Research Unit

**CHALLENGING INEQUALITIES THROUGH POLICY
RELEVANT ACADEMIC RESEARCH.**

Policy

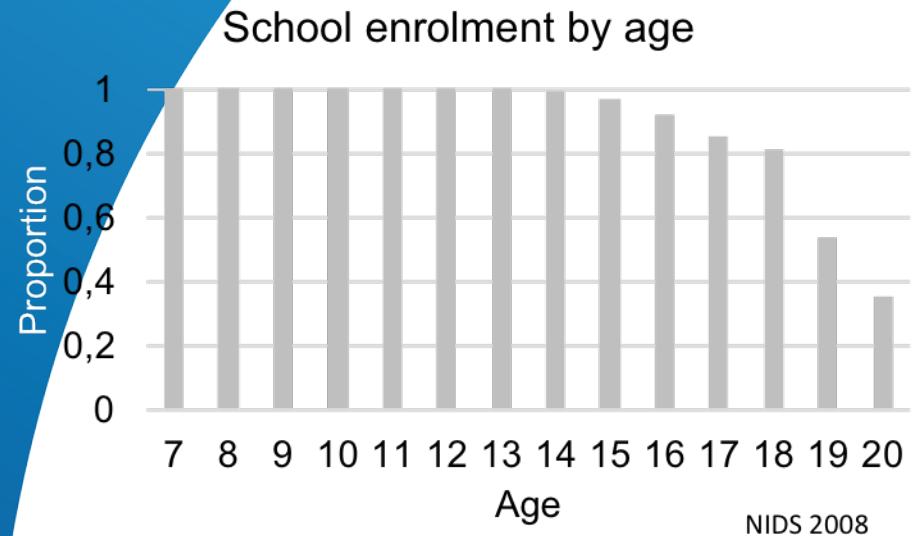


It is within this context that in 2013, the Department of Higher Education and Training presented a 20-year plan.

- This plan included increasing the number of Technical and Vocational Education and Training colleges – TVETs; which focus on the development of vocational or mid-level skills.

Not a lack of commitment

- Enrolment is high even post compulsory education
- Yet very few learners have smooth transitions through school, repetition is common
 - E.g. A third of male learners in grades 7, 8 and 9 will fail at least one grade over the next 4 years
 - Low socioeconomic learners are disproportionately affected
- Repeating is a strong predictor of dropping out of school



100% of age 7-14 are enrolled

>90% of age 15 and 16 are enrolled

>80% of age 17 and 18 are enrolled



TVET-University mismatch

- 63% of South Africans do not successfully complete secondary school (Grade 12)
 - Access to TVETs available to school leavers with a minimum schooling level of Grade 9
 - Yet, few learners use the TVET route as an alternative to matric and
 - Only 26% of post-secondary enrolees are enrolled at TVETs.

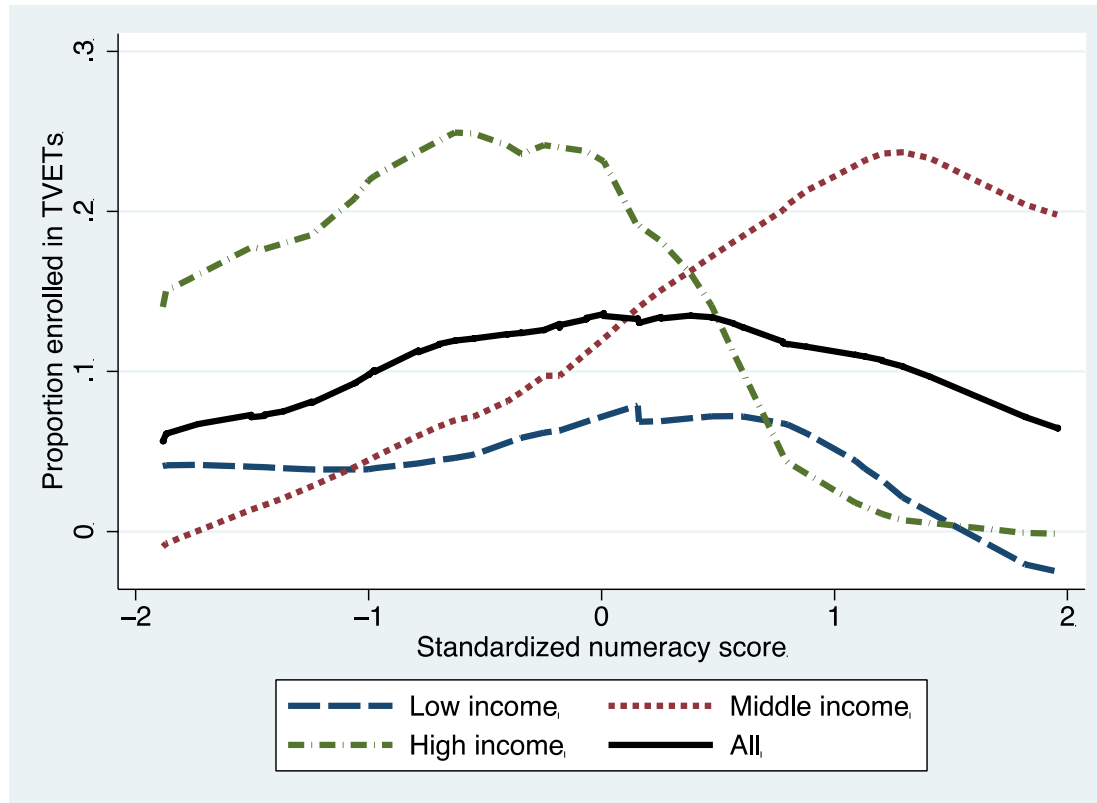


TVET vs University enrolment

- Has been an increase in the proportion of school-leavers enrolling at TVETs
 - Shift **away** from universities and private institutions towards TVETs, rather than an absolute increase?
- To increase post-secondary enrolment levels overall will need
 - Attention on those currently **not** participating in **any** post-secondary education.
 - And completion rates at institutions...

TVET enrolment by numeracy score and income

Proportion enrolling in TVET within 2 years



A possible explanation





Similarities



School Characteristics



Household Size



Location



Reliance on grants

17, 18, 19, 20...

Age in matric

Similarities



School Characteristics



Household Size



Location



Reliance on grants

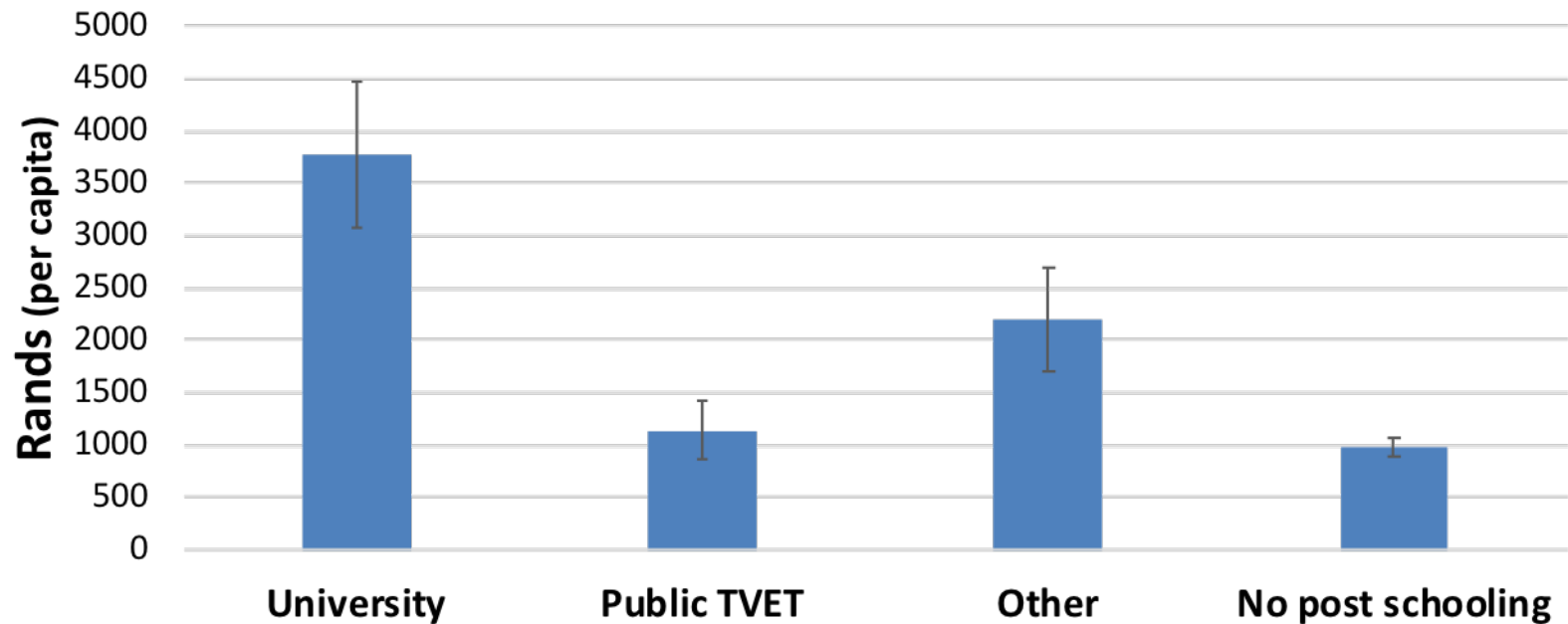
And age in matric

Differences

- More educated parents
- Better test scores
- Marginally higher incomes in matric



Household income in matric by post-schooling enrolment



- University enrollees come from the wealthiest households
- TVET enrollees come from households of similar income levels to those who do not enrol in post schooling