

## PART 1

# FUNDING AND STUDENTS

### CONCLUSION

The discussion on funding in Chapter 4 emphasised that for the past 20 years close links have existed between the government funding received by universities and technikons and their student enrolments. This funding framework was initially one which had been designed specifically for the historically white universities, and which was eventually extended to all 36 public universities and technikons.

By the end of 2000 the historically black universities and many of the technikons were experiencing severe financial strains. The major problems they faced were firstly, that the SAPSE funding framework, with all its apartheid assumptions, had remained in place throughout the 1990s; secondly, even by the beginning of 2001, the revised framework spelled out in the 1997 White Paper was not yet implemented.

Chapter 4 also showed that the delay in the implementation of a new post-SAPSE framework has permitted some historically white institutions to adopt strategies which generated considerable financial benefits for them. In this context other institutions also adopted a range of strategies, evidence of which can be seen in their changing student enrolment patterns.

Chapter 5 shows that student enrolment patterns changed dramatically, and shows further that these changing patterns of enrolment can be attributed to a number of factors. First, South Africa's new political dispensation provided black students with many more choices in terms of where to study. Secondly, vocational qualifications lost their stigma and many students started seeing them as being more valuable as a basis for employment than university degrees. Third is the question of cost: technikons offered study programmes at a fraction of the cost of university programmes. Even where universities were able to offer students financial support, the resource base of the different institutions meant that more financial aid was available in some universities than in others. For example, the historically white English-medium universities were able to provide students with financial aid to cover both residential costs and fees. The historically black universities, on the other hand, spread student financial aid across the entire student body in an effort to provide support to many more students, with the result that each student got fewer rands to cover the costs of their studies at these institutions.

A conclusion which can be drawn from Chapter 5 is that by 2000 three different clusters of institutions had emerged in South Africa's public higher education system: high-growth institutions, medium-growth institutions, and low-growth institutions. Student enrolments grew fastest in all technikons and the historically white Afrikaans-medium universities. Only the historically white Afrikaans-medium universities, however, seem to have employed clear adaptive strategies to achieve high rates of growth (opening up their

main campuses to black students and moving vigorously into distance education provision). The technikons opened all their programmes to all students, but appear not to have employed any other adaptive strategies as far as enrolments were concerned. Medium-growth institutions (the historically black universities and the historically white English-medium universities) were those which experienced some growth between 1993 and 2000, but not as much as the institutions in the high-growth cluster. Finally, by 2000, Unisa and Technikon SA were the only low-growth institutions in the country.

The adaptive strategies adopted by institutions in dealing with financial and student enrolment issues can be summed up in the ways suggested below.

- *The 'window-of-opportunity' strategy*

The delays in the implementation of a new funding framework created opportunities for institutions which would last for five years at most. During this period the strategy involved institutions redefining their missions and values in compliance with the requirements of the 1997 White Paper, but using the financial and administrative autonomy they had under the SAPSE funding framework to accumulate funds as rapidly as possible – primarily by boosting their student enrolments.

This group includes five of the six historically white Afrikaans-medium universities and one of the historically white technikons, and corresponds with the institutions which by 1997 had demonstrated high growth. Up to 2000 these institutions were successful in implementing the growth strategies which they adopted during the years 1995–1997, largely because they were not challenged by government regulators or by competitors. The strategy adopted by these institutions was a simple one: they retained their traditional white student enrolments on their main campuses, formed partnerships with private providers to enrol large numbers of African students in distance programmes, and set up satellite campuses in areas where the majority of students enrolling could be expected to be African.

- *The 'increase-the-product-range' strategy*

The strategy was based on an assumption that if an institution was able to offer a wider range of programmes, then it would attract more students, and hence more government subsidy and tuition fee income. It came to be used by institutions which took advantage of a gap that had occurred in government regulatory mechanisms. A key feature of this gap was the abolition in 1997 of the buffer body known as the Advisory Council for Universities and Technikons (AUT). This body had played a major bureaucratic role in placing limits on the expansion of the programme offerings of universities and technikons. The 1997 White Paper had, however, indicated clearly that a buffer body of that kind would no longer have a role to play in the national governance of the higher education system, and that it would be replaced by a new advisory body called the Council on Higher Education (CHE). Among the advisory responsibilities given to the CHE by the Higher Education Act of 1997 was the responsibility for programme approval and limitation previously exercised by the AUT. The CHE was established in 1998 with a staff which included few if any of the

members of the staff of the AUT. The CHE experienced problems in setting up new regulatory mechanisms and during this time, up to the end of 1999, universities and technikons found that they were able to increase the range of their programme offerings relatively easily. This strategy, however, was not as successful as these institutions expected: their student enrolments did not always grow as anticipated, and their financial standing tended to remain weak.

- *The 'wait-for-redress' strategy*

The 1997 White Paper recognised that the SAPSE funding framework had been detrimental to black higher education institutions. It therefore emphasised that funds for institutional redress would flow to these institutions under the provisions of a new funding framework. In addition to institutional redress funds, institutions would receive funds for individual redress in the form of student financial aid payments which would be paid directly to them rather than to individual students.

Since the historically black institutions were registering the majority of disadvantaged students in South Africa, they believed that they would receive the major share of financial aid funds, and that they would consequently be relieved of the close to impossible task of collecting substantial amounts in fees from impoverished students. The strategy was thus one of waiting for government to deliver on the White Paper commitment to institutional and individual redress funds. This strategy failed in the case of the historically black universities because they did not receive government redress funds and because they lost many thousands of actual and potential students to those historically white institutions which had adopted aggressive expansion strategies.

- *The 'internal-consolidation-first' strategy*

Some institutions believed that they were not likely to be affected in any major way, either positively or negatively, by the adoption of a new funding framework. This strategy involved institutions in internal consolidation and adaptation activities, designed primarily to change and/or strengthen institutional missions in line with the requirements of the 1997 White Paper, and to improve internal efficiencies. This group consisted primarily of the historically white English-medium universities, one historically white Afrikaans-medium university, and a few historically white and black technikons. Their strategies were focused not on ways of expanding their student enrolments and academic programmes, but rather on improving what they had been doing. Largely inward-looking, this strategy focused on changing curricula and teaching methods, improving administrative and financial efficiency, and meeting government requirements in regard to student and staff equity. In the years which followed 1997, this group of institutions had stable, low-growth student enrolments.

- *The 'go-with-the-flow-of-change' strategy*

Some institutions accepted that they would not be able to control their student enrolments. They expected the only government intervention to be that of

directing increased amounts of redress funding. Their student enrolments grew rapidly up to 1997 and continued to grow between 1997 and 2000, even though overall enrolments in the higher education system were falling.

These five strategies are of course not mutually exclusive. There were some cases in which institutions followed the window-of-opportunity strategy whilst simultaneously increasing the range of their programme/product offerings. It is nevertheless possible to place institutions into categories related to these five strategies. The division of the system into categories related to these strategies can be seen in the table below. It suggests that 21 of South Africa's 36 universities and technikons in effect adopted passive strategies in the period 1997–2001. Thirteen were in the wait-for-redress category and eight in the go-with-the-flow-of-change strategy. Only 15 of the 36 higher education institutions actively devised adaptive strategies in the face of the major policy changes which occurred in the years after 1997.

*Table 1. Public institutions and funding adaptive strategies: 1997–2001*

<i>Strategy</i>	<i>Institutions in category</i>	<i>Total</i>
1. Window-of-opportunity	5 HWU (Afrikaans), 1 HWT	6
2. Increase-product-range	2 HBU, 2 HWT	4
3. Wait-for-redress	7 HBU, 6 HBT	13
4. Internal-consolidation-first	1 HWU (Afrikaans), 3 HWU (English), 1 HBT	5
5. Go-with-flow-of-change	1 HWU (English), 5 HWT, 2 distance	8
Total		36

The analysis above reveals both a pessimistic and an optimistic picture. On the negative side it shows that many institutions that were supposed to improve their position in the new dispensation could not do so. However, it also shows that some of the historically disadvantaged institutions did manage to grow in the new South Africa. The combined student/funding results indicate that, as in many other parts of the world, South Africa has a set of robust institutions that adapted and improved their financial situation in a radically changing environment. Most positive in the South African context, is the fact that the institutional adaptive strategies cannot be read stereotypically off the old racial and ethnic classifications.

The post-1994 period started with great expectations of funding being used as an instrument of transformation, particularly to bring about greater equity in the system. On the individual level previously excluded groups gained greater access than ever before, and unprecedented freedom of choice regarding institutions and programmes. The global reform agenda, with an emphasis on differentiation, tight fiscal controls and the stimulation of market competition amongst institutions was adopted, and steadfastly held to by the new government.

The funding policy of steering through a linked planning-funding system is in line with policies in many other countries. So is the mix of private/public benefits and the high level of income diversification – but higher education receives a smaller proportion of income from government subsidy than in many developed countries. Expenditure on education is 6% of GDP, which is comparable to that of middle income countries, and the 15% of the education budget allocated to higher education compares favourably internationally, but a difference is that in many developed countries massification meant that institutions had to do more with the same. Also, what is not in line with global trends are the following features of the South African system: a decrease in participation rates, meaning a growing shortage of high level skills, a very high level of students who drop out, and a substantial proportion (about 25%) of institutions that are not functioning well enough to provide a minimum level higher education. It could be argued that in 2001, the system, as a system, was more differentiated, and more unequal than in 1994.

While some of the ‘big’ questions raised in the introduction, such as how much higher education South Africa can afford, and how much should be spent per student, have not yet been answered, it could be argued that the post-apartheid South African government certainly took a much more active role in the financial affairs of the institutions than the previous government and demonstrated a much greater concern for efficiency, even if the appropriate policy instruments have not yet been put in place.