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Minister Pandor allocates R967 million to settle the historic debt of continuing NSFAS funded students

The Minister of Higher Education and Training, Naledi Pandor, is pleased to announce that the Department of Higher Education and Training (DHET) has allocated an additional sum of R967 million to the National Student Financial Aid Scheme (NSFAS) to settle the historic debt owed to universities by 52 514 NSFAS funded continuing students.

Minister Pandor said the issue of the historic debt owed to universities by these students has been of a concern raised by all stakeholders for some time. "This is a significant contribution which will alleviate some of the debt owed to universities by students and is confirmation that government is sensitive to the plight of students from poor and working-class families." Minister Pandor added.

The allocation is specifically for those who had been funded on the previous funding scheme of the National Student Financial Aid Scheme (NSFAS) prior to the significantly improved funding support that began in 2018. Historically, these students were required to fund part of their costs through family or own funding and were not able to do so, hence the debt.

Minister Pandor indicated that this is the first phase of the assessment of the historical debt owed to universities. Work on the due diligence exercise begun by the Minister of Higher Education and Training, in consultation with the Minister of Finance and Minister of Planning, Monitoring and Evaluation continues.

"We have now concluded, the first phase of the due diligence and found that 52 514 NSFAS qualifying students who were registered for the 2018 academic year owed universities R 967 million." Minister Pandor said.

Historic debt refers to money owed to the university by continuing NSFAS qualifying senior student who were registered in the 2018 academic year, were funded by NSFAS on a family income threshold of R 122 000 per annum, and met the academic criteria to enable them to graduate within minimum time plus 2 years.

The funding provided by NSFAS for these students was subject to a funding cap and often included an expected family contribution. As a result, the amount of funding provided by NSFAS was sometimes insufficient to cover the total actual fees and cost of study, particularly at universities and programmes with high fees. This resulted in students accruing debt with their institution despite being funded by NSFAS.

The Minister said "we are aware that there will be some students who entered the university system prior to the new scheme being implemented in 2018, who will continue to be funded through NSFAS on the pre-2018 funding model.

These students would have accrued further debt during their 2018 academic year if their fees were above the NSFAS cap". In order to address this, Minister Pandor said, her department plans to provide funding to NSFAS during the 2019 academic year to clear this debt.

It is expected that all the students funded through the old scheme on a R122 000 threshold, would have exited the system by the 2022 academic year.

The Minister also appealed to stakeholders in our society, particularly the private sector, to work with Government and institutions in finding a solution for support to students from families that cannot afford to pay university study costs. She stressed that the Department will work with all stakeholders to find ways to relieve the debt burden of these students, and assist government in developing a comprehensive student funding solution to assist 'missing middle' students to fund their university studies.

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