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Mitigating the costs of failure: NSFAS challenges and the need for an undergraduate grade reform in South African universities

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ABSTRACT

This paper examines the financial and psychological impacts of the current grade system in South African universities, particularly on students funded by the National Student Financial Aid Scheme (NSFAS). The system, designed to enhance the quality of education by ensuring students grasp core concepts before advancing, often extends the duration of study for student. This extension leads to significant financial burdens, including additional tuition fees, accommodation costs, and subsistence expenses. The rigid structure of grading can prevent students from progressing in their programs, as failing a core module often disqualifies them from taking multiple subsequent modules. The literature review highlights international practices and the unique socio-economic context of South Africa. Findings reveal that the system contributes to high dropout rates, increased student debt, and psychological distress. This paper argues for a reform in the grading system, suggesting a cap at 40% pass, instead of 50% pass for progression at undergraduate level, which would alleviate some of these pressures. Discussions focus on the potential benefits of such a reform, including reduced financial strain on NSFAS, improved student retention, and better mental health outcomes. The conclusion reiterates the necessity of policy changes to create a more equitable and sustainable higher education system. By addressing these challenges, South African universities can ensure that more students complete their degrees in a timely manner, benefiting both the students and the broader economy.

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Introduction

Education is a cornerstone of personal development and a vital driver of socio-economic growth. It empowers individuals with the knowledge and skills necessary to contribute meaningfully to society and the economy. In South Africa, higher education is especially crucial as the nation strives to overcome historical inequalities and foster inclusive economic development (DHET, 2022). The National Student Financial Aid Scheme (NSFAS) has been instrumental in expanding access to higher education for students from low-income households. However, the existing prerequisite system in universities poses substantial challenges that undermine these efforts.

NSFAS is a government entity operating under the Department of Higher Education and Training, established in accordance with the NSFAS Act (Act 56 of 1999). Its purpose is to provide financial support to disadvantaged students aiming to pursue their studies at public universities or Technical and Vocational Education and Training (TVET) colleges. This scheme aims to make higher education accessible to financially disadvantaged students, thus promoting social equity and economic mobility. NSFAS covers tuition fees, accommodation, meals, books, and other essential expenses. Despite its noble objectives and substantial contributions, the scheme faces significant challenges, particularly due to the rigid grading system in South African universities.

NSFAS-funded students in South Africa face numerous challenges that impact their academic performance and overall well-being. One major issue is the delayed tuition and accommodation payments by NSFAS, which often leave students stranded and without proper housing at the start of the academic year. This delay forces many students to miss critical early classes and orientations, putting them at an academic disadvantage from the outset.

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The lack of timely financial support also leads to significant emotional and psychological stress. Students are left to navigate long distances from their homes to academic institutions, often without adequate transportation or financial resources.

Moreover, the uncertainty and instability surrounding their living arrangements and finances create a pervasive sense of insecurity and anxiety. These students experience a range of traumas, including the constant worry about where they will stay and how they will manage their daily expenses. The impact of these stressors is compounded by the fact that many NSFAS-funded students come from disadvantaged backgrounds, making it even more challenging to cope with these additional pressures.

The delayed payments and associated challenges not only affect the students' academic performance but also their mental health and well-being. The stress and trauma of these experiences can lead to burnout, decreased motivation, and, in some cases, dropout rates. Addressing these issues requires a more efficient and reliable financial support system that ensures timely disbursement of funds, as well as additional support services to help students manage the pressures they face.

The primary objective of this paper is to propose a new model for grading at undergraduate level in South African universities that better aligns with the socio-economic realities of the country. By analysing the current system's shortcomings and exploring international practices, this paper aims to provide a comprehensive framework for policy reform. The suggested model seeks to create a more equitable and sustainable higher education system that supports students' academic and personal growth while ensuring financial efficiency.

The structure of the paper includes a literature review section that offers an overview of international practices and examines the distinctive socio-economic context of South Africa. The findings section presents the financial and psychological impacts of the current prerequisite system on students. The discussions section explores the potential benefits of the proposed reforms, including their impact on NSFAS, student retention, and mental health. Finally, the conclusion reiterates the necessity of policy changes and outlines recommendations for implementing the new prerequisite model.

Socio-economic and psychological challenges faced by students

Financial burden on students and impact on NSFAS

The socio-economic context of South Africa presents significant challenges for students, particularly those from low-income backgrounds. High levels of poverty and unemployment mean many families struggle to afford the costs associated with higher education, including tuition fees, accommodation, and subsistence expenses. The current prerequisite system, which requires students to achieve a minimum pass mark of 50% in core modules, can exacerbate these financial strains. Students who fail to meet this requirement must often repeat the module, leading to extended study periods and additional financial burdens. The cost of an additional year can range from R30,000 to R80,000, covering tuition, accommodation, and living expenses. This financial strain can be prohibitive, leading to increased debt and financial hardship for students and their families (NSFAS, n.d.).

Moreover, the financial sustainability of NSFAS is critically impacted by the current system. As more students need to extend their studies, NSFAS faces growing pressure to provide additional funding. This increased demand for financial aid not only limits the scheme's ability to support new students but also strains its overall resources. A more flexible prerequisite system could alleviate some of this pressure, allowing NSFAS to allocate resources more efficiently and support a greater number of students (Cashman et al., 2024).

Psychological distress and high dropout rates

The psychological impact of failing a core module and the resulting extension of study periods is profound. Students who narrowly miss the pass mark experience significant stress and anxiety. This psychological burden can lead to decreased motivation, academic disengagement, and a higher likelihood of dropping out. The stress and anxiety associated with the need to extend study periods can be overwhelming, particularly when students have performed well in other modules. This stress is compounded by the financial implications, creating a cycle of worry and frustration that severely impacts their mental health (Noutchie, 2024).

High dropout rates are a significant issue in South African higher education. The financial and psychological burdens imposed by the current prerequisite system contribute to these high rates. Students from low-income families struggle to meet the additional costs associated with extended study periods, and when NSFAS or other funding sources are unable to cover these expenses, students are often left with no option but to discontinue their studies. This not only wastes the investment already made in their education but also deprives the country of potential skilled professionals. By implementing a more flexible prerequisite system, universities could reduce these barriers and improve student retention and graduation rates, benefiting both the students and the higher education system (Cashman et al., 2024).

Findings

The South African higher education context

In South African universities, the grading system is particularly stringent, requiring students to achieve a minimum pass mark of 50% in their core modules to progress to the next level. Failing to meet this requirement, even by a small margin, often necessitates

retaking the module. This can delay academic progression and increase both financial and psychological burdens on students. Socio-economic challenges exacerbate these issues, as many students rely heavily on financial aid from the National Student Financial Aid Scheme (NSFAS), which can be inconsistent in timely fund disbursement (SpringerLink, 2024).

Although students who fail the initial exam have a second opportunity to retake it, this measure often falls short. The absence of additional support or tutorials means that students' understanding of the content and outcomes of the module may not improve, leading to repeated failures. This lack of supplementary instructional support further compounds the financial and psychological pressures faced by students, hindering their academic success and overall well-being.

UK universities

UK universities exhibit considerable flexibility in their grading systems. Although specific pass marks can vary by institution and course, the general minimum pass mark for undergraduate modules is typically around 40%. To help students stay on track without extending their academic year, UK universities often offer opportunities to retake failed modules during summer sessions or through accelerated courses. This approach helps reduce financial and emotional strain while maintaining academic progression (British Council, 2024).

The UK university grading system provides a standardized method for assessing the academic performance of undergraduate and postgraduate students. This system, in place for several decades and used consistently across all UK universities, is based on a numerical scale, typically ranging from 0 to 100 or 0 to 70. The classification of degrees is outlined in Table 1 below:

Table 1: Degree classification table

Degree Class	Percentage Score
First-Class Honours	70% - 100%
Upper Second-Class Honours	60% – 69%
Lower Second-Class Honours	50% - 59%
Third-Class Honours	40% - 49%
Fail	0 - 39%

This grading system provides a clear and transparent way to measure a student's academic performance, enabling employers and other institutions to easily compare the academic achievements of different students and make informed decisions based on their grades. Additionally, the system encourages students to strive for higher grades and provides a clear incentive for academic excellence. It is also recognized internationally, adding to its reliability and longevity as a dependable method for assessing students' academic performance (SI-UK, n.d.).

Key differences and implications

The primary difference between South African and UK universities lies in the flexibility and support systems available to students. The UK's approach, with its lower pass mark requirement and the provision for retaking modules without significant delay, helps to maintain students' academic momentum and reduce dropout rates. Additionally, the UK's system minimizes the financial burden on students by preventing extended periods of study and associated costs (OECD, 2024).

In South Africa, the higher pass mark requirement and limited opportunities for module retakes mean that students who fail prerequisite modules often face an additional year of study. This situation is exacerbated by delayed NSFAS payments, which can leave students without the necessary funds to continue their studies smoothly. The socio-economic realities and financial pressures faced by many South African students make the rigid prerequisite system particularly challenging (SpringerLink, 2020; Temoso, 2023).

Potential benefits of a reformed system

Reforming the prerequisite system to allow progression with a 40% pass mark could have several positive outcomes. The financial burden on students and NSFAS would be reduced, as fewer students would need to extend their study periods. This would enable NSFAS to support more students and ensure that its resources are used more efficiently. Improved student retention and graduation rates would result from a reduction in the financial and psychological pressures associated with the current system. Additionally, a more supportive and less punitive learning environment would enhance the psychological well-being of students, enabling them to focus on their studies and achieve better academic outcomes.

Financial Benefits of Reform

Implementing a more flexible prerequisite system would have several financial benefits. Students would be less likely to need additional funding for extended study periods, reducing the overall cost to NSFAS and other funding bodies. This would allow NSFAS to support more students and ensure that its resources are used more efficiently.

Improved Student Retention

A reformed prerequisite system would likely improve student retention rates. Allowing students to progress with a 40% pass mark would reduce the number of students who need to extend their studies, thereby decreasing dropout rates. This would lead to higher graduation rates and better outcomes for both students and the higher education system.

Enhanced Psychological Well-being

Reducing the pass mark requirement would also enhance the psychological well-being of students. The current system's punitive nature contributes to significant stress and anxiety. A more lenient approach would alleviate some of these pressures, creating a more supportive and conducive learning environment. This would enable students to focus on their studies without the constant fear of financial and academic penalties.

Discussions

Financial implications of reforming the prerequisite system

Reforming the prerequisite system to allow students to progress with a 40% pass mark, instead of the current 50%, has significant financial implications. For NSFAS, such a reform would likely result in reduced funding requirements, as fewer students would need to extend their study periods. This would enable NSFAS to allocate resources more efficiently, potentially supporting a larger number of students. The financial sustainability of NSFAS is critical for the long-term provision of higher education funding in South Africa. By alleviating some of the financial pressures associated with the current grading system, NSFAS can focus on its core mission of making higher education accessible to financially disadvantaged students.

Potential cost savings

The cost savings for both NSFAS and students are substantial. If fewer students are required to repeat modules and extend their study periods, the overall expenditure on tuition, accommodation, and subsistence can be significantly reduced. For instance, the current additional accommodation cost per student for an extra year of study places a heavy burden on NSFAS and the students' families. By allowing progression with a lower pass mark, these costs can be minimized, resulting in better financial health for the funding scheme and reduced financial strain on students and their families.

Improved student retention and graduation rates

One of the primary benefits of the proposed reform is the potential improvement in student retention and graduation rates. High dropout rates are a significant issue in South African higher education, often exacerbated by the financial and psychological burdens imposed by the rigid grading system. Allowing students to progress with a 40% pass mark would help maintain their academic momentum and motivation.

Reducing dropout rates

The reduction in dropout rates would have a positive ripple effect across the higher education system. Higher retention rates mean that more students are likely to complete their degrees, contributing to a more educated workforce. This, in turn, supports the broader socio-economic goals of South Africa by providing the skills and expertise needed for economic development. Furthermore, by reducing the dropout rate, universities can improve their reputation and attract more students, both domestically and internationally.

Psychological benefits of a more lenient system

The psychological well-being of students is another critical consideration. The current system, with its rigid 50% pass mark, places immense pressure on students. The fear of failing a core module and the subsequent financial and academic consequences can lead to significant stress and anxiety. By allowing progression with a lower pass mark, the proposed reform would alleviate some of these pressures, creating a more supportive and conducive learning environment.

Enhancing student well-being

Improving the psychological well-being of students can have numerous positive outcomes. Students who are less stressed and anxious are more likely to engage actively in their studies, participate in campus activities, and develop a positive attitude towards learning. This, in turn, can lead to better academic performance and higher overall satisfaction with their educational experience. By fostering a healthier and more supportive academic environment, universities can help students achieve their full potential.

Addressing socio-economic challenges

The socio-economic context of South Africa necessitates a more flexible approach to academic grading. Many students come from backgrounds where financial stability is uncertain, and the cost of higher education is a significant burden. The current system, which often requires students to extend their study periods due to narrowly failing a core module, exacerbates these socio-economic challenges. By implementing a more lenient grading system, universities can better accommodate the diverse financial realities of their student populations.

Inclusivity and equity in higher education

A more flexible system would promote inclusivity and equity in higher education (Rantz & McNulty, 2024). By recognizing the socio-economic challenges faced by many students, universities can create policies that are more aligned with the needs of their student body. This approach would ensure that higher education is accessible to a broader range of students, regardless of their financial background. By reducing the financial and psychological barriers to progression, universities can support a more diverse and inclusive student population.

Potential concerns and counterarguments

While the proposed reform has numerous benefits, it is essential to consider potential concerns and counterarguments. One potential concern is that lowering the pass mark requirement could lead to a decline in academic standards. However, this concern can be addressed by ensuring that the overall quality of education and assessment methods are maintained. Universities can implement additional support mechanisms, such as tutoring and academic counselling, to help students who are struggling to meet the new pass mark requirements.

Maintaining academic standards

Maintaining academic standards while implementing the proposed reform is crucial. Universities can adopt a holistic approach to student assessment, ensuring that students receive the support they need to succeed. This could include additional tutoring, mentoring programs, and more comprehensive academic counselling. By providing these resources, universities can help students achieve the necessary academic standards without compromising the quality of education.

Conclusion

The current grading system in South African universities presents significant challenges that undermine the goals of equitable access to higher education and the efficient use of financial resources. The requirement for students to achieve a minimum of 50% in core modules to progress creates substantial financial and psychological burdens, particularly for those funded by NSFAS. The rigid system often results in extended study periods, increased costs, and heightened stress and anxiety among students, which collectively contribute to higher dropout rates and reduced graduation rates.

Reforming the system to allow progression with a 40% pass mark offers a promising solution to these issues. Such a reform would alleviate the financial pressures on both NSFAS and students by reducing the need for extended study periods and the associated costs of tuition, accommodation, and subsistence. This change would enable NSFAS to support more students more effectively and sustainably, enhancing the overall financial health of the funding scheme.

Furthermore, the proposed reform would improve student retention and graduation rates by reducing the psychological stress associated with narrowly failing a core module. Students would be able to maintain their academic momentum and motivation, leading to better academic outcomes and a more positive educational experience. By creating a more supportive and less punitive learning environment, universities can help students achieve their full potential.

The socio-economic context of South Africa necessitates a more flexible approach to academic grades. Many students come from financially unstable backgrounds, and the high cost of higher education is a significant burden. By implementing a more lenient system, universities can better accommodate the diverse financial realities of their student populations, promoting inclusivity and equity in higher education.

In summary, the proposed reform to the grading system is a necessary step towards creating a more equitable and sustainable higher education system in South Africa. By addressing the financial and psychological challenges imposed by the current system, the reform would ensure that more students complete their degrees in a timely manner, benefiting both the students and the broader economy. Implementing this reform would represent a significant advancement in making higher education accessible and supportive for all students, regardless of their financial background.

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