

NSFAS budget cuts could leave more than 87,000 students without funding in 2024

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The financial aid scheme has already received over 200,000 applications since 21 November.



NSFAS told Parliament that more than 87,000 university students are at risk of not being funded next year following projected budget cuts from the National Treasury. Archive photo: Ashraf Hendricks

- **More than 87,000 NSFAS-funded university students are at risk of not being funded next year following projected budget cuts from the National Treasury.**
- **NSFAS told Parliament on Wednesday that this number could rise to 121,000 students by 2025.**
- **NFSAS said this is “based on the calculation of the 10% (R3-billion) reduction in university funding from National Treasury’s Medium Term Budget Policy Statement”.**
- **Meanwhile, tertiary institutions have expressed their concerns over NSFAS’s capacity to manage student accommodation allocations and handle funding appeals on time.**

More than 87,000 university students could lose their National Student Financial Aid Scheme (NSFAS) funding next year due to budget cuts.

This was revealed by the acting CEO of NSFAS, Masile Ramorwesi, during a briefing to the Parliamentary Portfolio

Committee on Higher Education on its plans ahead of the 2024 academic year on Wednesday.

“The average cost per student amounts to R63,935 for the 2024 academic year and R67,199 for the 2025 academic period,” Ramorwesi said. “Based on the calculation of the 10% reduction in university funding from National Treasury’s Medium Term Budget Policy Statement (MTBPS), 87,712 students will be left unfunded in the 2024 academic period. This will increase to 120,976 students in the 2024/25 academic year.”

Since the funding applications opened on 21 November. Ramorwesi said NSFAS has already received 205,752 applications. Applications close on 31 January.

For universities, NSFAS’s projected budget is R41.9-billion for 2024/25 and R43.7-billion for 2025/26. “With Treasury’s projected 10% budget cut ... this will result in a shortfall of the universities budget of R5.5-billion for 2024/25 and R8.1-billion in 2025/26,” said Ramorwesi.

For Technical Vocational Education and Training (TVET) colleges, Ramorwesi said NSFAS’s projected budget is R9.7-billion for 2024/25 and R10-billion for 2025/26. “We project that R970-million will be cut from the TVET budget 2024/25 financial year, and R1-billion from the 2025/26 financial year.”

Ramorwesi said there are several risks to cutting the student funding, such as protests. “The potential changes could result in an increase in student protests due to a decrease in headcount funding.”

He said insufficient bridging finance options could have a “severe impact” on the sector as “NSFAS may not be able to pay allowances on time and when most needed by students at the beginning of the financial year”.

NSFAS have been sharply criticised by MPs in recent months for continuous problems at the student funding scheme. This is despite a briefing in Parliament earlier this year where [NSFAS presented](#) its new direct payment system and reported on various other issues.

NSFAS Board chairman Ernest Khosa told MPs that the probe by law firm Werkmans Attorneys and advocate Tembeka Ngcukaitobi into the appointment of [payment service providers at NSFAS](#) made three main recommendations: to terminate the former CEO’s contract; to terminate the direct payment service provider’s contracts; and that disciplinary action be taken against staff involved in the procurement process of the direct payments.

Khosa said former CEO Andile Nongogo’s contract has already been terminated. On the cancellation of the direct payment company’s contracts, he said they “agree with the report that we do that in the most responsible way, and that the guiding principle is that students should not be disadvantaged in the process”.

Khosa said they are dealing with the report’s recommendation that disciplinary action be taken against staff involved in the procurement process.

Tertiary institutions concerned by NSFAS woes

The Universities South Africa (USAF) CEO Dr Phethiwe Matutu raised her concerns with MPs over NSFAS's capacity to manage student accommodation allocations.

"There's a need for NSFAS to first consider university accommodation and university-leased accommodation before private accommodation to ensure public infrastructure is appropriately utilised."

She said the R45,000 accommodation cap NSFAS introduced earlier this year has left many in debt. "We have calculated R606-million outstanding in accommodation fees. This accommodation cap amount has created debt for students in 2023 and this will impact the 2024 registration.

"So far NSFAS and the DHET have expressed that they do not have these funds and the student is going to be left owing these funds to the universities," Matutu said.

Professor Marianna Phutsisi of the South African Public Colleges Organisation (SAPCO) said although NSFAS "made an undertaking that all current appeals and outstanding payments are being finalised, it is still a challenge that colleges are dealing with".

She said the process of accrediting private accommodation needs to be sped up and told Parliament that 40,000 beds have been accredited so far.

Lukhanyo Daweti, secretary general of the South African Union of Students, said students need clarity on the direct payments and the companies facilitating them.

"The appeals process needs to happen concurrently with the application process. If a student is rejected [for NSFAS funding] from 22 November, they should be informed so that they can prepare for their appeals. [This is] so that students don't wait until 31 January to find out that they have been rejected, and then NSFAS only deals with their appeals in the second semester."

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