

Should universities receive a stimulus package from government during Covid-19?

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The Covid-19 pandemic has created profound disruptions in our economy and society. Due to these new challenges, most universities have decided to move from face-to-face classes to online teaching (more accurately defined as emergency remote teaching and learning) so as to complete the 2020 academic year, and to prevent the spread of the virus.



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The difference in design planning

Online learning is the result of careful instructional design and planning, using a systematic model for design and development. With remote emergency teaching and learning, this careful design process is absent. Careful planning for online learning includes not just identifying the content to be covered, but also how to support the type of interactions that are important to the learning process. Planning, preparation, and development time for a fully online university course typically takes six to nine months before the course is delivered.

Emergency teaching and learning is a temporary shift of instructional delivery to an alternative delivery mode due to crisis conditions. Hence, one cannot equate emergency remote teaching and learning with online learning, nor should one compare emergency remote teaching and learning with face-to-face teaching.

What is crucial is the quality of the mode of delivery, and although assessment methodologies will differ between face-to-face teaching and remote teaching and learning, the quality of the learning outcomes should be comparable.

Impact on funding

The financial model used in a South African (residential) university consists of three main income sources:

- i. the state or government through a subsidy (the so-called 'block grant'),
- ii. tuition fees, and

- iii. third-stream income (which is mainly a cost-recovery component from contract research, donations, and interest on university investments).

The National Student Financial Aid Scheme (NSFAS) contributes to the tuition fees through a Department of Higher Education, Science and Innovation Bursary Scheme, providing fully subsidised free higher education and training for poor and working-class South Africans (recipients will typically be students from households with a combined income less than R350k per annum).

The negative impact of Covid-19 on the income drivers of the university can, and probably will, be severe. Although the subsidy from the state or government can be 'protected' for a cycle of two to three years through the National Treasury, the pressure on income derived from tuition fees (that component which is not funded through NSFAS) will be increasing, as households would have been affected by the nationwide lockdown and with the economy in deep recession, a significant number of jobs would have been lost.

The economic downturn, due to both Covid-19 and a sovereign downgrade by all rating agencies, has already negatively impacted local financial markets as well as the global economy. The multiplier effect of this would be that the value of investments and endowments decreases (at the time of writing the JSE was still 20% down compared to the previous year), and philanthropic organisations and foundations will most probably reduce or even terminate 'givings' to universities.

Industry, private sector, and commerce will re-assess their funding to universities, whether for research or bursary support. Overall, it is possible that the income sources for universities can be affected negatively in the short term, but it will definitely have longer-term implications on the financial sustainability of universities. In this regard, it would be important for universities to perform scenario planning on the long-term impact of Covid-19 on the financial position of the university, and to adjust their strategic plans accordingly.

Budget revisions

The major expense item in the university budget is the salaries of staff – this item is a fixed expense, particularly in the short to medium term. Hence, when introducing emergency remote teaching and learning, hence the switch to a different pedagogy and approach, university management did not have sufficient time to restructure the fixed cost part of the budget.

There are certainly other items in the budget which can be reduced, re-allocated or removed, and hence universities should, as a preliminary measure and based on their current financial position, develop a revised or adjusted 2020 budget.

The emergency remote teaching and learning therefore becomes an additional cost. These costs include, amongst others:

- training, development, and assistance to academic staff in converting content to a digital platform and learning management system (LMS),
- procuring data for staff (those who need to interface with the students) working from home,
- expansion of a call centre to guide and assist students,

- the cost of data for students through the reverse billing of data,
- procurement of digital devices (entry-level laptops) for students lacking such devices,
- paying for increased access to e-textbooks provided by publishers,
- payment for copyright clearance of additional material provided online to students,
- re-integration costs of students in terms of social distancing,
- improved hygiene on campus, disinfection of residences and other venues on campus, 360 degree screening (and testing) for the virus, the establishment of quarantine facilities, and the provision of appropriate personal protective equipment (PPE).

Obviously, these costs need to be offset against the fact that residences were not used for some time, with a subsequent decrease in water and electricity usage and savings on catering in the residences. It should, however, be argued that even if the students were absent from campus and the residences for some time, the salaries of all staff involved with particular functions in relation to residential students, as well as certain fixed and non-controllable costs, still need to be paid. When the offset has been assessed, the residual value, i.e. the additional cost, is still a substantial cost to the university due to the implementation of emergency remote teaching and learning.

The question is: who will fund this cost?

The instinctive answer would be: the university.

I would argue that this cost should be borne by the university, the student, and the state (government). This is a crisis – a global crisis of unprecedented proportions, and in this moment of restrictions on movement, telecommuting, and social distancing, working together is essential to overcome this crisis. Student agency is key, in that they would exhibit the will to positively influence their lives and the environment around them. This is what social justice and fairness are – contributing to the development path of the country.

Although it would be fair to assume that a rebate or pro-rated amount on the residence fees for students should be considered, it would not be an acceptable rationale to apply a rebate on tuition fees, as the 2020 academic programme will be delivered, albeit through a different mode, but ensuring the relevant and appropriate quality. Furthermore, as indicated earlier, the higher education system will be impacted (at least financially) negatively in the short and medium term, and no country can afford a weak, non-functioning higher education system; hence a *fiscal stimulus package from the state (government)* would be crucial to assist the sector during the coronavirus pandemic and beyond (in the short term). South Africa has a highly differentiated higher education system, which is one of the legacies of our past history, and historically disadvantaged institutions will be affected the most during this pandemic.

Covid-19 is presenting unique challenges to universities globally, but it also provides us with an opportunity to be innovative, to improve social solidarity, and to co-create new ways of engagements among stakeholders for the greater good of society. However, without a fiscal stimulus package from government, this pandemic can render our 'differentiated' higher education system a massive blow, which will be difficult to recover from.

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