

19 January 2016

2016 Financial Registration Guidelines

Introduction

Subsequent to the communique from my office dated 7 January 2016, the Director General: Higher Education and Training, released a communique dealing with the process to be followed in dealing with the registration of NSFAS qualified students for the academic year 2016. This communique has necessitated the revision of these guidelines.

Background

CUT's SRC put several proposals through to management for consideration. Management then tabled a revised proposal to Council at its meeting of 28 November 2015. Council broadly supported the proposals. It was then left to management to provide administrative guidelines.

The registration guidelines in this document seek to give clarity on, and to smoothen the registration process. The guidelines focus on three areas that impact the students' ability to register for the academic year 2016. These three areas are i) the minimum initial payment, ii) the settlement of prior debt as well as the iii) allocation of the NSFAS funds.

It must be understood that at present, South Africa's university funding system is based on both government grant and tuition fees; the latter expected from students, their parents/guardians and/or sponsors. In addition, the NSFAS system is there for those students considered unable to pay. The President's concession about no fee increases in 2016 does not extend to no-fees at all as yet. As some may already know, there are plans and commissions in place to look into how to better fund our universities into the future. As a result, the principle to the effect that there should be tuition fees contributed by students remains.

It has been indicated in several meetings with the SRC that a 'blanket approach' cannot be taken in dealing with the issue of the minimum initial payment and that of student debt. The principle



that has been agreed right up to the level of Council is: **those who can afford to pay must pay.** To accommodate those who cannot pay fully, a means test will be used to determine a reduced amount they will be expected to pay. As noted above, those that have qualified as needy students per the NSFAS criteria will be covered by the NSFAS system.

The fact is that there are indeed students who come from families that can afford to pay the full amount or close to the full amount. Thus, a 'blanket approach' by which a reduction for all students is made would not make sense. Further, if CUT does not optimize the initial payments that are due there would be serious cash-flow problems and there would be a concomitant increase in overall student debt. The recoverability of student debt is becoming more and more of a challenge from year to year.

Minimum Initial Payment

A range of minimum initial payments has thus been determined. As noted above, a means test will be used to establish what minimum initial payment level students that 'claim' inability to pay the Council approved minimum initial payment of R 5,708, should make.

Below is the table with the levels.

Deposit Levels: 2016

Levels No.	Income Range		Minimum Initial Payment (R)
	Start (R)	End (R)	
1	0	120 000	1000 ⁰¹ ⁰²
2	120 001	200 000	2 700
3	200 001	300 000	3 500
4	300 001	400 000	4 500
5	400 001	and above	5 708

¹ Those students who qualify and have been officially granted NSFAS loans.

² For those students who do not qualify for NSFAS.



Student Debt Settlement

Student debt from students that registered in 2015 is in excess of R170 million. This is not sustainable for the institution. Thus, responsible decisions have to be made to ensure the full collection of this debt. Every year student fees contribute over 35% of the total budget needed to run the institution. Continuous failure by students to settle their debt timeously compromises the institution's operations and if not carefully managed, may result in the failure of the university to meet its obligations including buying supplies for classrooms or laboratories and paying staff salaries.

It must be noted that all student fees are supposed to be settled by 30 November of the year of registration.

For many years, there are students who have accumulated debt from year to year to levels that appear difficult to settle. Thus, we need to put in place stricter systems that do not allow this to happen.

Below is a debt settlement schedule for students prior to being allowed to register for 2016. This is to minimize the amount of debt in the system to a manageable level.

Debt Settlement Levels

Levels No.	Number of Students	Debt Level		Total Owed (R)	Down Payment (%)	Minimum Down Payment (R)
		Start (R)	End (R)			
1	3143	0	10 000	12 753 737	100	Amount Owed
2	4192	10 001	40 000	88 784 628	80	10 000
3	844	40 001	60 000	40 893 128	75	32 000
4	373	60 001	MAX	28 279 967	50	45 000
Total	8552			170 711 460		

To be allowed to register students who owe the institution need to settle their debt as indicated in the table above. Once the minimum 'down payment' has been made, the student will need to sign a **debit order** for the balance of the debt as well as the new debt for 2016. This to be settled by 30 November 2016 depending on debt levels and affordability.

The repayment period may be extended in exceptional cases

Students with Prior 'NSFAS Debt'

The Debt Settlement Table above, will not apply to students with prior NSFAS debt as the Communique advised that an amount has been set aside to assist students who had previously "...qualified for NSFAS funding but were either partially or not funded at all over the past three academic years;..."

On that note students that fall within this category will be allowed to register accordingly. The Financial Aid Office has a list of such students.

Allocation of NSFAS Bursaries

To ensure the appropriate distribution of allocated NSFAS funding a step approach will be adopted for the 2016 registration process, which reflects guidance from the NSFAS Financial Aid Office Handbook 2011 page 12:

2.4.1 NSFAS is dependent on HEIs and FAOs because:

- HEIs **identify academic potential** and are solely responsible for offering a student an academic place to explore this potential to succeed
- FAO identify the **financial need** of the student
- FAO determine the **actual award size** to the students based on financial need;
- But many FAOs may **limit the size** of the actual award to spread to as many students as possible based on the size of the total grant.

The value of distribution from CUT will not normally exceed R50 000 per student. This will enable CUT to support more students and recognise the lower costs in the Free State (2015 NSFAS Max R64 000).

CUT defines academically deserving students as:

- matric and TVET applicants - more than 27 matric points;
- Returning students – those that pass more than 60% of their subjects in the previous academic year. Those students that take 1 or 2 subjects must pass them all.

Per the Communiqué, all students that meet the NSFAS means test will not be required to pay upfront payments or registration fees when registering for the 2016 academic year.

On that note, all students that had applied for NSFAS funding by 30 November 2015, returning and new entrants, and met the funding requirements should proceed with registration accordingly.

Conclusion

The means test to establish the levels of the initial minimum payment to be paid by each 'deserving student' as well as the amount of debt to be settled prior to registration will be determined by the Financial Exclusions Committee accordingly.

Regards

Mrs Precious Dube
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