

2017 Financial Registration Guidelines

12 January 2017

Introduction

There has been a number of developments around the issue of student fees in the institutions of higher learning. A number of engagements have been held with different stakeholders in a bid to arrive at the most sustainable solution for both the students and the universities.

Background

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 2017. 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**. The 8% **gap grant** will also be briefly discussed.

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 available for those students considered unable to pay.

The Minister of Education's commitment to offer a gap grant of the 8% fee increase for all the poor and middle class students with gross family income of up to R600 000 in 2017 does not extend to no-fees at all as yet, but three parallel processes which will inform this area are continuing:

1. A new financial assistance model to include the missing middle students will be tested in 2017 through a pilot project.
2. The development of a framework to regulate university student fees the Council on Higher Education (CHE) Task Team is expected to be finalised by 30 June 2017

3. The Presidential Commission on Higher Education and Training's report is also expected by 30 June 2017.

CUT has to optimize the initial payments that are due to avoid **i.** serious cash-flow problems as well as **ii.** an increase in overall student debt. The recoverability of student debt is becoming more and more of a challenge from year to year.

Commitments

The Government, through the Department of Higher Education has made a number of commitments as follows:

- i. The subsidisation of the fee adjustment capped at 8% on the 2015 fees for all registered students with gross family income of up to R600 000 per annum.
- ii. Consideration of provision of an upfront payment to universities to contribute towards the 8% gap grant for the poor and the missing middle students to assist with cash-flows during January to March 2017.

Minimum Initial Payment

A range of minimum initial payments has 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 6,165, should make.

Below is the table with the levels.

Deposit Levels: 2017

Levels No.	Income Range		Minimum Initial Payment (R)
	Start (R)	End (R)	
1	0	120 000	0
2	120 001	200 000	1 500
3	200 001	300 000	3 000
4	300 001	400 000	4 000
5	400 001	600 000	5 000
6	600 001	and above	6 165

Student Debt Settlement

Student debt from students that registered in 2016 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 amongst other things.

Please 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, there is 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 2017. This is to minimize the amount of debt in the system to a manageable level.

Debt Settlement Levels

Levels No.	Debt Level		Down Payment (%)	Minimum Down Payment (R)
	Start (R)	End (R)		
1	0	10 000	100	Amount Owed
2	10 001	40 000	80	10 000
3	40 001	60 000	75	32 000
4	60 001	MAX	50	45 000
Total				

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

The NSFAS fund allocation system was centralized and is being managed by NSFAS offices for all universities. The commitment from NSFAS was to send institutions their lists of provisionally approved students before the end of the year 2016. This was to ensure a smooth registration process in 2017. Unfortunately as a result of unforeseen circumstances, NSFAS has not been able to submit the list. To date a list with only 300 approved students was received by CUT on Tuesday 10 January 2016, mid-morning.

It must be noted that the allocation/approval of funds now rests with NSFAS, thus CUT is dependent on confirmation of approvals by NSFAS, thus cannot make any allocations.

Way Forward

NSFAS

To enable the students to register, the CUT Management decided as follows:

- i. That all students who applied for NSFAS funding prior to the 30 November 2016 NSFAS applications closing date, will be allowed to register, a list of such applicants was provided by NSFAS.
- ii. That those students who applied by the closing date 30 November 2016 per i. above and are not in the list, but have proof of such application, will also be allowed to register.
- iii. That as a result of the limited funding allocation from NSFAS, those students who only applied for NSFAS funding in 2017 (walk-ins) would have to either await NSFAS confirmations or pay a minimum required payment in line with the Deposit Levels Table above. Otherwise the students would have to apply to the Financial Exclusions Committee for considerations outside of the two options above.
- iv. Where a student pays the minimum amount and is later approved for funding by NSFAS, then this deposit will be refunded to the student accordingly.
- v. NSFAS qualifying students will not pay any registration or upfront fees in 2017.
- vi. All NSFAS qualifying students who were registered in 2016, and were successful in their studies, but who have accumulated historical student debt with institutions of higher education, will be allowed to register in 2017
- vii. The university will also develop processes to enable academically successful “missing middle” students who have outstanding student debt to register in 2017.

The 8% Gap Grant

- i. All qualifying students, with gross family income of up to R600 000 are legible for the 2017 Fee Adjustment/Gap Grant.
- ii. NSFAS applicants as well as students from Quintile 1, 2 and 3 will not need to apply, but will be considered automatically.
- iii. All other students, missing middle, will have to apply for consideration for the gap grant.

Conclusion

Engagements with NSFAS and all other stakeholders are continuing and the communique will be updated with all significant changes.

Kind regards

Mrs Precious Dube
Chief Financial Officer

Attachments:

1. DHET Communique dated 14 December 2016 from the Acting DG's office Dr D Parker on Fee Adjustment Grant 2017, supported by;
 - a. Communication on Student Funding Matters
 - b. Process for the Identification and Verification of the Missing Middle
 - c. Application Forms for the DHET 2017 Fee Adjustment Grant
2. Debt Acknowledgement and Monthly Payment Commitment Forms
3. Financial Exclusions Appeal Application Form
4. Press Conference by Minister of Higher Education and Training Dr Blade Nzimande dated 12 January 2017.