



Tshwane University
of Technology
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PRESENTATION TO THE COMMISSION INTO HIGHER EDUCATION & TRAINING

22 August 2016

Presentation by:
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Vice-Chancellor & Principal



PRESENTATION OUTLINE

- ❖ TUT in Context
- ❖ National Footprint
- ❖ Student Enrolments
- ❖ Success Rates
- ❖ Graduation Rates
- ❖ Financial Position of Tut
- ❖ TUT/NSFAS Funding Model
- ❖ TUT's Financial Challenges
- ❖ Recommendations

TUT in CONTEXT

- **Established in 2004** following a merger of:
 - Technikon Pretoria (*historically advantaged*)
 - Technikon North-West (*historically disadvantaged*)
 - Technikon Northern Gauteng (*historically disadvantaged*)



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NATIONAL FOOTPRINT

- ➡ Pretoria (including Pretoria West & 2 PTA CBD campuses).
- ➡ Soshanguve (North and South).
- ➡ GaRankuwa
- ➡ Polokwane
- ➡ Emalahleni
- ➡ Mbombela

Distance education service points: Cape Town & Durban

- Seven (7) Faculties: (Single-site Faculty Model)

FACULTY	CAMPUS
The Arts	Arts Campus, Pretoria CBD
Science	Arcadia, Pretoria CBD
Economics & Finance	GaRankuwa
Engineering & the Built Environment	Pretoria West
Humanities	Soshanguve
Information & Communication Technology	Soshanguve
Management Sciences	Pretoria West

- ***Faculties offer selected programmes in distant campuses depending on regional needs.***



STUDENT ENROLMENT

Student Enrolment Plan	Institutional Enrolment for 2015	Institutional Targets for 2016	Institutional Targets for 2019
Undergraduate	53 835	56 000	56 700
Postgraduate	3 867	4 000	6 300
Total	57 702	60 000	63 000



ENROLMENT PER FACULTY

STUDENT HEADCOUNT ENROLMENT PER FACULTY	2013	2014	2015
ENGINEERING & THE BUILT ENVIRONMENT	9540	9770	9976
FACULTY OF ECONOMICS & FINANCE	5329	6234	6224
FACULTY OF SCIENCE	6911	7330	7479
FACULTY OF THE ARTS	1695	1752	1714
HUMANITIES	12618	12967	13201
INFORMATION AND COMMUNICATION	5769	5817	5744
MANAGEMENT SCIENCES	12297	12915	12908
Grand Total for TUT	54159	56785	57246

UNDERGRADUATE SUCCESS RATES

ANNUAL SUCCESS RATE FOR UNDERGRADUATE STUDENTS	2013	2014	2015
ENGINEERING & THE BUILT ENVIRONMENT	75.3%	73.9%	71.2%
FACULTY OF ECONOMICS & FINANCE	66.2%	63.8%	66.4%
FACULTY OF SCIENCE	77.0%	78.2%	78.8%
FACULTY OF THE ARTS	86.1%	83.8%	84.8%
HUMANITIES	79.9%	77.8%	79.5%
INFORMATION AND COMMUNICATION	73.9%	73.8%	73.8%
MANAGEMENT SCIENCES	73.8%	74.6%	71.7%
Grand Total for TUT	76.2%	75.2%	75.3%

GRADUATION RATE

GRADUATION RATE FOR UNDERGRADUATE STUDENTS	2013	2014	2015
ENGINEERING & THE BUILT ENVIRONMENT	19.5%	21.2%	21.3%
FACULTY OF ECONOMICS & FINANCE	27.3%	24.0%	26.3%
FACULTY OF SCIENCE	23.2%	23.2%	28.4%
FACULTY OF THE ARTS	27.8%	23.6%	28.5%
HUMANITIES	20.0%	20.3%	22.9%
INFORMATION AND COMMUNICATION	16.0%	14.9%	14.5%
MANAGEMENT SCIENCES	18.6%	17.9%	20.5%
Grand Total for TUT	20.6%	20.2%	22.5%

SUCCESS RATE: POSTGRADUATES

ANNUAL SUCCESS RATE FOR UNDERGRADUATE STUDENTS	2013	2014	2015
ENGINEERING & THE BUILT ENVIRONMENT	72.2%	73.5%	66.7%
FACULTY OF ECONOMICS & FINANCE	50.2%	46.9%	67.6%
FACULTY OF SCIENCE	56.5%	61.4%	62.4%
FACULTY OF THE ARTS	69.6%	107.2%	75.0%
HUMANITIES	76.8%	72.7%	73.6%
INFORMATION AND COMMUNICATION	49.6%	58.3%	49.1%
MANAGEMENT SCIENCES	74.4%	83.5%	79.9%
Grand Total for TUT	69.7%	72.3%	70.5%

GRADUATION RATE: POSTGRADUATES

GRADUATION RATE FOR UNDERGRADUATE STUDENTS	2013	2014	2015
ENGINEERING & THE BUILT ENVIRONMENT	15.0%	15.8%	14.0%
FACULTY OF ECONOMICS & FINANCE	11.6%	7.8%	10.2%
FACULTY OF SCIENCE	15.7%	13.7%	14.1%
FACULTY OF THE ARTS	14.7%	26.3%	15.9%
HUMANITIES	19.9%	30.7%	23.6%
INFORMATION & COMMUNICATION	4.8%	16.8%	13.5%
MANAGEMENT SCIENCES	13.5%	19.4%	11.1%
Grand Total for TUT	14.8%	21.3%	16.3%



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THE UNIVERSITY'S FINANCIAL SITUATION



TUT FUNDING SOURCES

	2014	2015	2016
GOVERNMENT SUBSIDY⁽¹⁾	55%	53%	49%
BLOCK GRANTS	89%	88%	88%
EARMARKED GRANTS	11%	12%	12%
STUDENT FEES	38%	39%	42%
SUBJECT FEES	65%	65%	66%
SUBJECT LEVIES	10%	10%	10%
RESIDENCE FEES	19%	19%	16%
MISCELLANEOUS ⁽²⁾	6%	6%	8%
OTHER INCOME	7%	8%	9%
RESEARCH	12%	12%	11%
DONATIONS	9%	9%	8%
INVESTMENT RETURN	29%	29%	27%
GOODS AND SERVICES ⁽³⁾	50%	50%	54%

Notes:

1. Excluding bursaries
2. ERC, SRC and registration
3. Institutes, Centers and Campus Businesses



PROJECTED DEFICIT/SURPLUS: 2017– 21

Scenarios	2017	2018	2019	2020	2021
0% fee increase scenario	-149 969 393	-151 674 446	-344 038 504	-451 072 030	-584 063 507
6% fee increase scenario	-96 196 578	-130 621 337	-162 421 832	-214 023 941	-262 896 627
8% fee increase scenario	-78 272 306	-91 112 656	-107 106 157	-147 681 840	-170 517 976



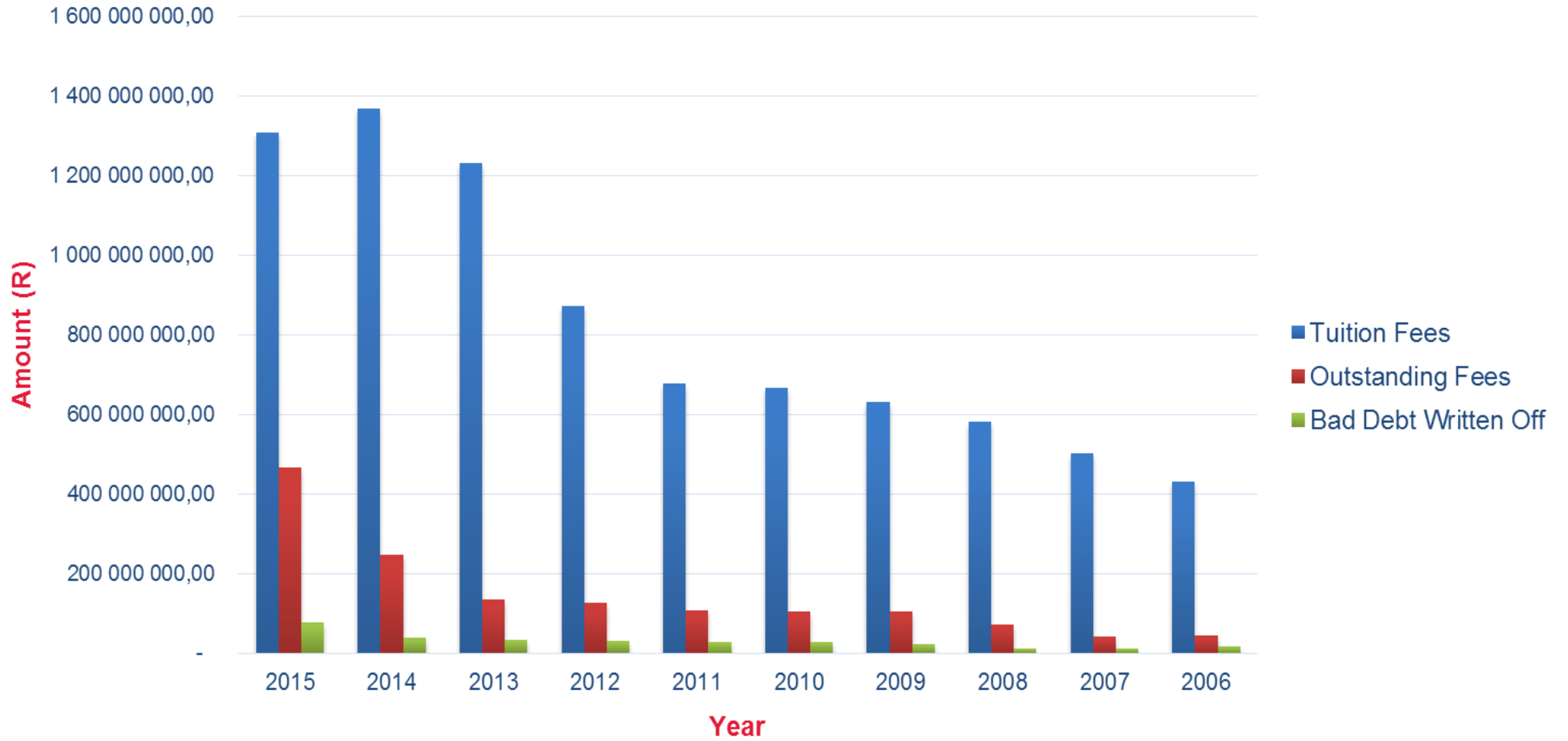
STUDENT DEBT REPORT: 2006 – 2015

YEAR END	BAD DEBT WRITTEN OFF (BDWO) (R)	BDWO AS % OF OUTSTANDING CLASS FEES	TUITION FEE INCOME (R)	OUTSTANDING TUITION FEES	OUTSTANDING AS % OFF TUITION FEES
31-12-2015	77 335 272,81	16,57%	1 308 516 342,08	466 755 173,60	35,67%
31-12-2014	40 002 983,08	16,18%	1 368 768 095,15	247 214 555,91	18,06%
31-12-2013	32 956 993,10	24,45%	1 232 152 249,74	134 770 009,89	10,94%
31-12-2012	30 744 997,54	24,32%	871 979 486,17	126 407 553,21	14,50%
31-12-2011	29 549 102,98	27,44%	678 806 139,22	107 702 186,89	15,87%
31-12-2010	29 522 883,99	28,20%	666 109 092,78	104 686 453,26	15,72%
31-12-2009	23 065 983,81	21,84%	632 376 954,00	105 594 497,43	16,70%
31-12-2008	12 973 661,39	17,77%	581 294 835,00	73 000 665,90	12,56%
31-12-2007	11 173 147,21	26,04%	502 168 790,83	42 915 230,81	8,55%
31-12-2006	18 272 983,09	41,62%	431 161 228,89	43 899 912,89	10,18%



Student Debt

2006 - 2015



TUT/NSFAS FUNDING MODEL 2016

TUT experience an annual shortfall in the DHET / General and DHET / Final Years funding. The TUT Allocation for 2016 in total was only R474 million for these 2 funding categories. The table below provides a comparison between the 2015 and 2016 allocations in this regard:

Fund Category	2015	2016
DHET / General	359 744 818	370 798 818
DHET / Final Year	103 257 104	103 256 988
TOTAL	463 001 922	474 055 806

With the above allocations, TUT was able to support ±13 000 students using the TUT funding model (see below). Despite using the TUT funding model and not the Full Cost of Study (FCS) funding model, this allocation could only be allocated to returning students. Therefore, TUT was not able to fund any 1st time entering students in 2016 from this allocation prior to the communique of DHET and the NSFAS Circular Notice 6.

TUT/NSFAS FUNDING MODEL 2016

TUT funding model support students with the following cost items:

- *Tuition fees as levied on the student account;*
- *Residence fees as levied on the student account;*
- *R6 000 allowance for meals p.a. (Full allocation ±R20 000);*
- *R1 500 allowance for books p.a. (Full allocation ±R4 000)*

Note: Private accommodation is excluded for all NSFAS students because of budget constraints.

With the TUT funding model we can support ±13000 students with an average annual allocation of ±R36 500 per student given the R474m.

With a FCS (±R64 000) annual allocation to students TUT can only support 7400 of the eligible students given the R474m.



NSFAS FUNDING SCENARIOS

COST CATEGORY	FULL COST FUNDING MODEL (R)	TUT FUNDING MODEL (R)
Tuition (24 000 students X R 21 000 average)	504 000 000	504 000 000
TUT Residence (10 000 students x R19 000 average)	190 000 000	190 000 000
Private Accommodation (14 000 students x R19 000 average)	266 000 000	0
Books (24 000 students)	96 000 000 (R4 000 per student)	36 000 000 (R1 500 per student)
Meals (24 000 students)	480 000 000 (R20 000 per student)	144 000 000 (R6 000 per student)
Total needed (24 000 students)	1 536 000 000	874 000 000
Average package per student	64 000 (R1.536b / 24 000)	36 500 (R874m / 24 000)
Budget allocation from NSFAS	474 000 000	474 000 000
Estimated deficit	- 1 062 000 000	- 400 000 000

Note: The University reported to NSFAS a shortfall in funding of ±R400m as a result of the implementation of Circular Notice 6, which is not based on the FCS allocation but on the TUT model. Should TUT have implemented the FCS model the shortfall would have been R1b to support 24 000 students which represents only ±41% of the TUT student population.

NSFAS CIRCULAR 6 IMPLICATIONS

TUT currently has ±24 000 eligible students who need support from the DHET/General and DHET/ Final year funding categories. The increase in numbers was as a result of the implementation of Circular Notice 6 of NSFAS dated 17 January 2016.

With regards to Circular Notice 6 as well as the communique from the DG dated 13 January 2016, TUT followed the directive as stated “No NSFAS student should be denied access based on financial need”. This resulted in:

- ±8500 1st time entering students being admitted with a NSFAS status at a cost of R315.6m (TUT funding model).
- ±2500 students with historic debt who continued with their studies in 2016 at a cost of R86.1m (TUT funding model).
- Confirmation on the R86.1m only received in June 2016. Confirmation of the R315.6m yet was expected in April 2016 as per paragraph 3 (c) of Circular Notice 6.
- To date, TUT has supported the above mentioned students with books and meals to the value of ±R49m, which negatively impacts on the University’s cash flow. Several letters has been send to NSFAS in this regard however TUT yet to receive feedback.

TUT'S FINANCIAL CHALLENGES

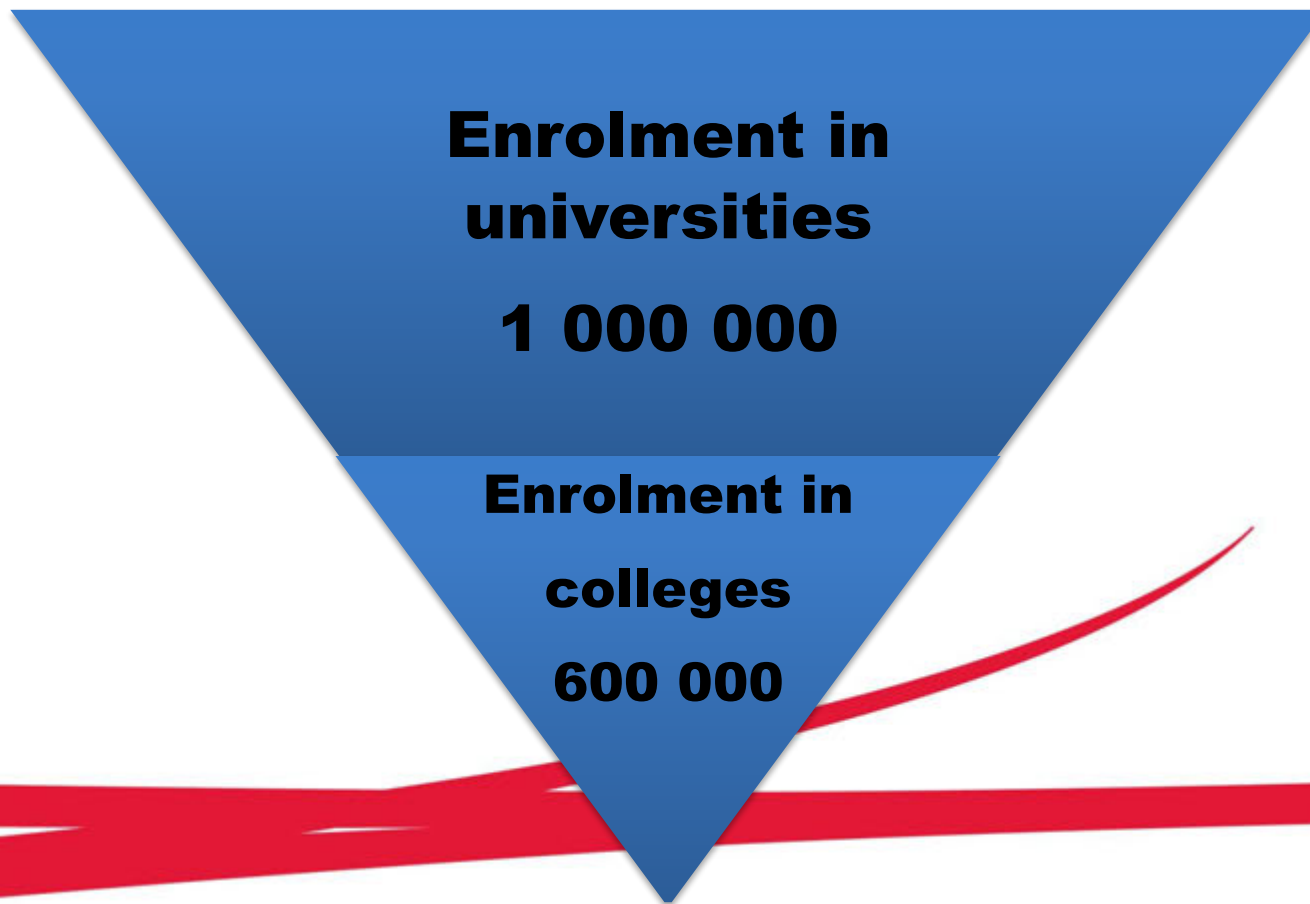
- Reduction of distributable subsidy and increase in earmarked funding from DHET.
- Subsidy from DHET increases by average 5% per annum, which is below CPIX (6,3%) and HEPI (8%).
- As a result of “Fees must fall campaign”, Universities no longer are in control of the tuition fee increase implementation.
- Bad debts are increasing as a result of the *#FeesMustFall* campaign, hence the TUT cash flow is decreasing.
- The University’s third-stream income is low and does not contribute to the distributable income.

TUT'S FINANCIAL CHALLENGES (continue)

- Personnel cost consumes 78% of distributable income.
- As a result only 22% of distributable income is available for corporate accounts, operational budget accounts, capital expenditure and loan repayments.
- This results in back logs with maintenance and capital replacement.
- Inadequate NSFAS funding which will continue even with new student centred model (national dilemma);
- Implementation of the new funding model will undoubtedly compound the problem as the general NSFAS allocations is based on the FCS and not the TUT funding model.
- Students defrauding the NSFAS system with minimum verification (vetting) systems to identify real needy students.

RECOMMENDATIONS

- Policy on differentiation in HE should be finalised, and with it a differentiated funding framework.
- The SA post-secondary education and training system can be portrayed in the form of an inverted pyramid.



RECOMMENDATIONS

- Universities should not continue to expand to meet the targets set in the NDP and White Paper if the requisite funding is not available. The growth of the college sector should be accelerated to turn around the inverted pyramid.
- Students whose parents can afford to pay for HE should continue to do so. Free HE is not affordable.
- A sliding scale tuition fee approach should be considered by universities to accommodate all categories of students.

RECOMMENDATIONS

- Based on labour market analysis and the imperatives of the National Development Plan, government should fully fund a set number of seats in a programme (for example Engineering) across as the university sector, with individual universities getting a quota based on their Student Enrolment Plans.
- The funding should be recovered, either by upfront payment by those who can afford it, and via a combination of community service (as currently in place for health sciences graduates) and via income tax once an earning threshold has been reached.
- The monetary recovery should be via SARS, thus obviating expensive third party debt collection and ensuring an effective returns to the fiscus.



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