

RHODES UNIVERSITY

COMMISSION OF INQUIRY INTO HIGHER EDUCATION & TRAINING

***Pre- & post #feesmustfall
financial challenges
confronting Rhodes
University.***

August 2016



CHALLENGES

Rhodes University's financial situation:

A. Prior to #feesmustfall & 0% fee increase – key/major items:

- Declining level of State funding in real terms (the proportion of recurring income from the State further declined in 2015 from 57% to 55%) – (USAf, FEF, DHET engagements & reporting) ([chart from audited financials](#));
- The University's relatively low levels of reserve funds (the primary reserve ratio in 2015 was 0,2; using DHET methodology reserves are **negative**);
- The high staff cost ratio in the central operations recurring costs of the university (77%) despite being below 50th percentile;
- Increasing level of financial aid needed to facilitate access to the university (25% YoY increase in 2015; 2016 allocation to FinAid = R38,887m; R160 million owed by students via NSFAS);
- Inadequate funds to address the accumulated campus infrastructure maintenance backlogs (the facilities maintenance ratio is 65% below the recommended level)
- Deficit budget for 2016 approved by Council. ● ●



CHALLENGES

B. Post #fees must fall & 0% fee increase – key/major items:

- Vac accommodation concessions
- Social welfare demands (meals, toiletries, vac transport etc)
- MIP replaced by Registration Fee
- Payment plans
 - Cashflow impact (R57 million/month needed)
 - Debtors profile (Green/amber/red)
- Fee (tuition & res) increases for 2017 and beyond
- Financial viability (dept contribution model, expenditure savings, staff cost budget interrogation etc)
- ***RU NOT bankrupt, but is cash-strapped – without increasing either fee-paying students or subsidy RU will be in serious financial difficulty in 2017/18.***

