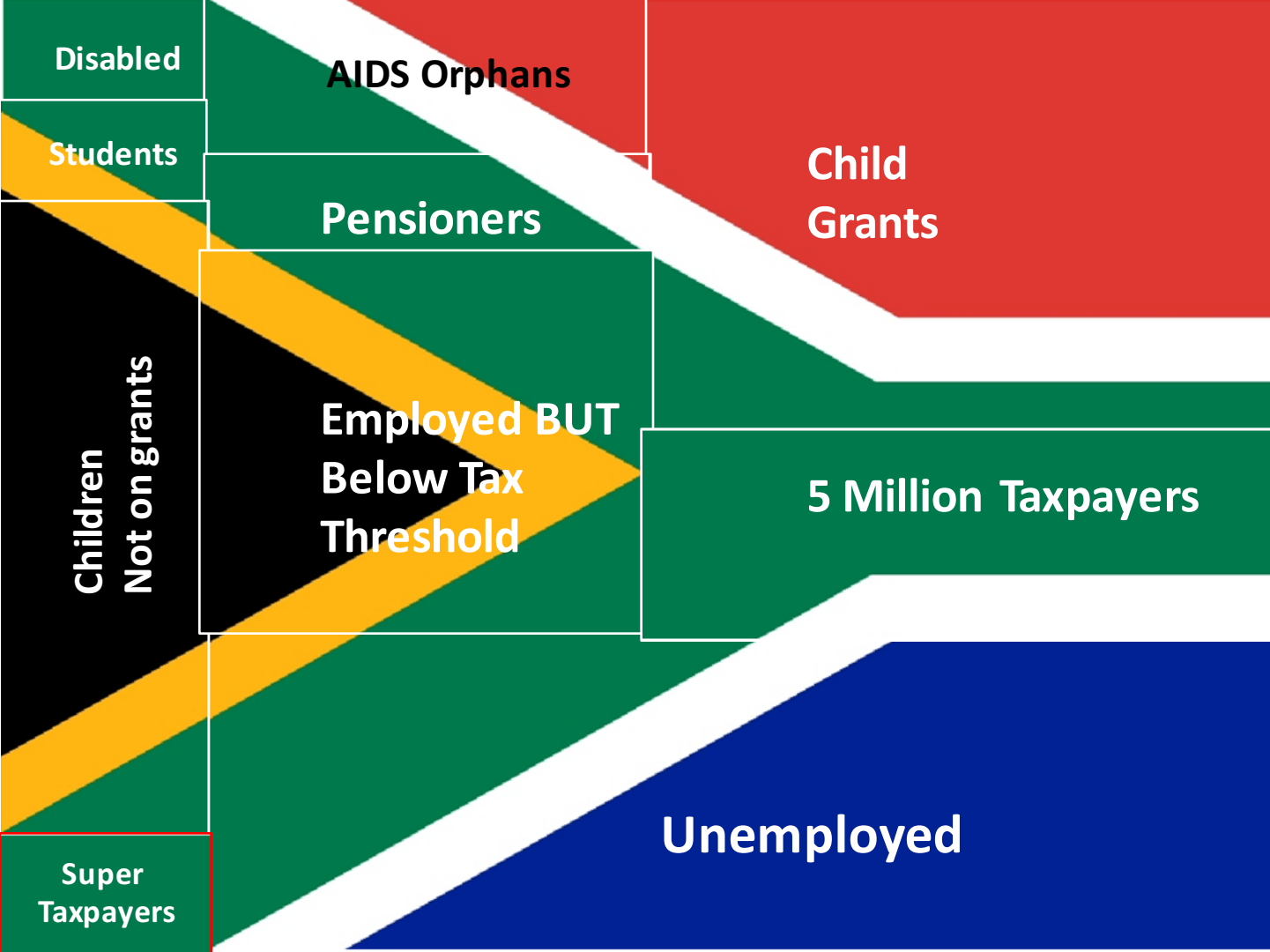


Student fees
Transformation summit
July 2017

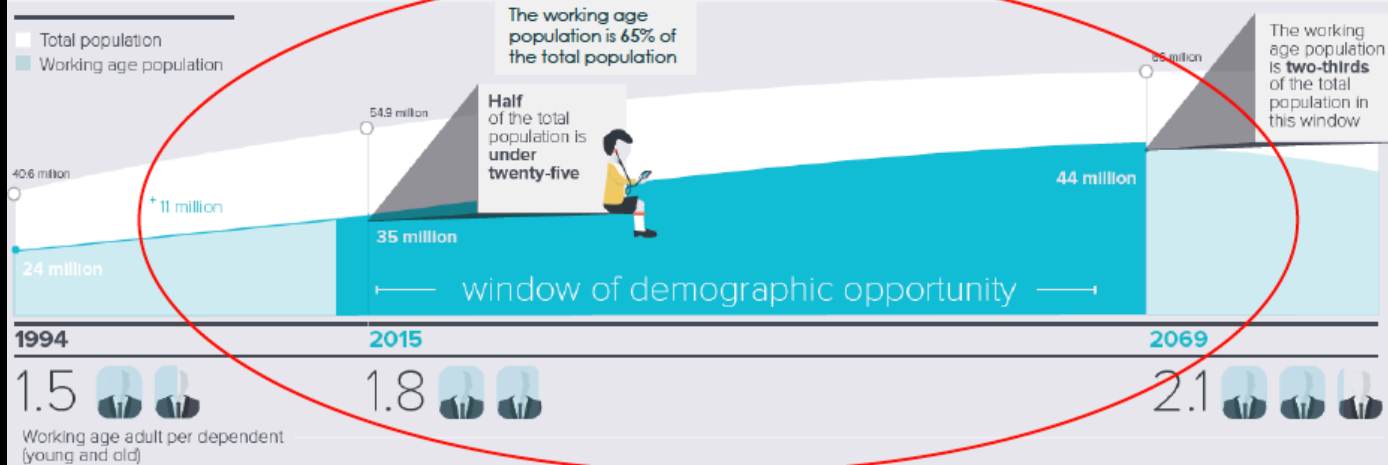


Rhodes Business School
Leadership for Sustainability



Demographic changes in RSA

South Africa's working age population is high and will rise by another **9 million** in the next 50 years

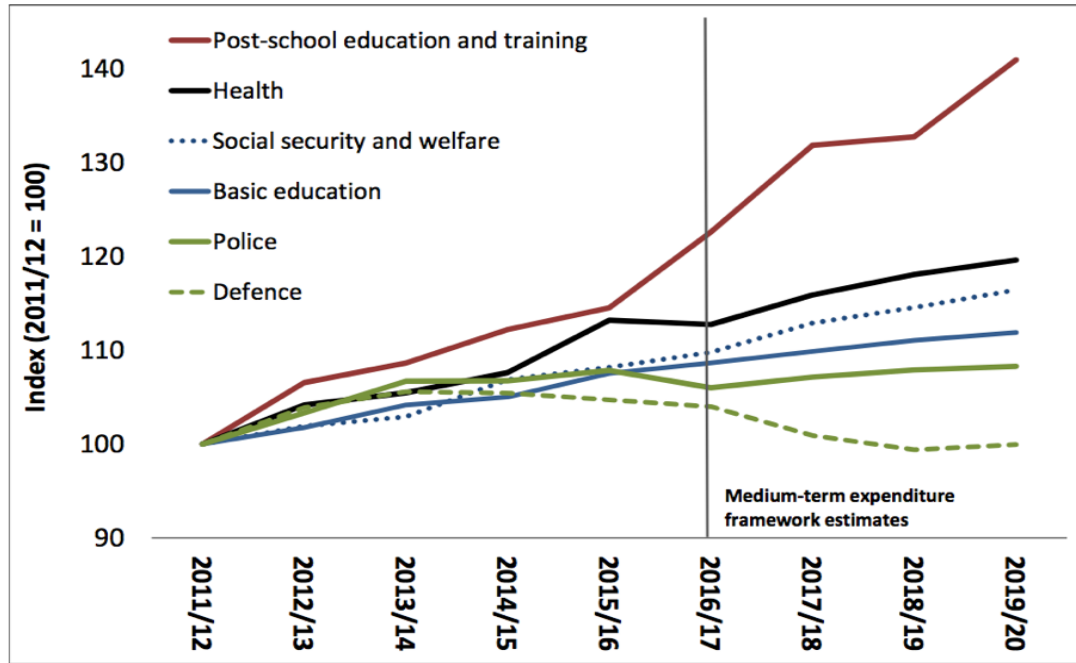


Commission of Enquiry 'COE' into Higher Education and Training states

- *As a matter of comparison with state funding spent by other countries in the developed and developing world South Africa's expenditure on higher education as a percentage of GDP ($\pm 7.1\%$) ranks low. The percentage should be at least doubled to enable higher education institutions to fulfill their mandate.*



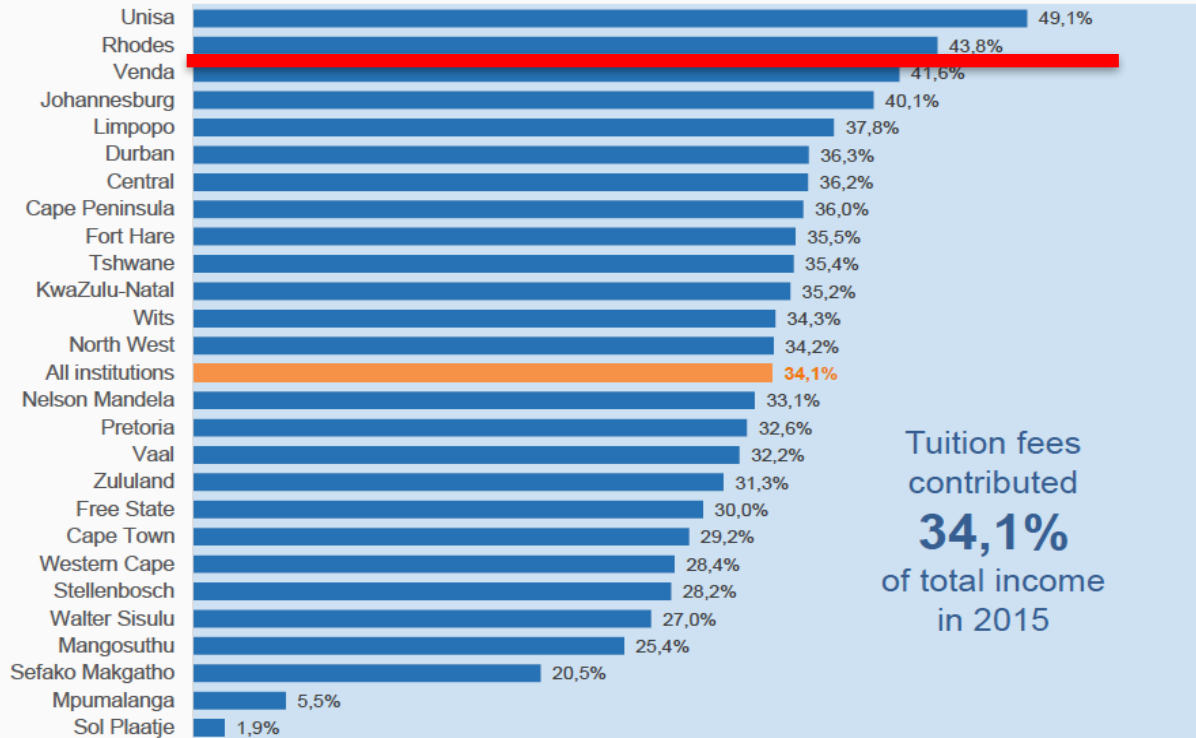
**Figure 1.3 Index of budget allocations in real terms,*
2011/12 – 2019/20**



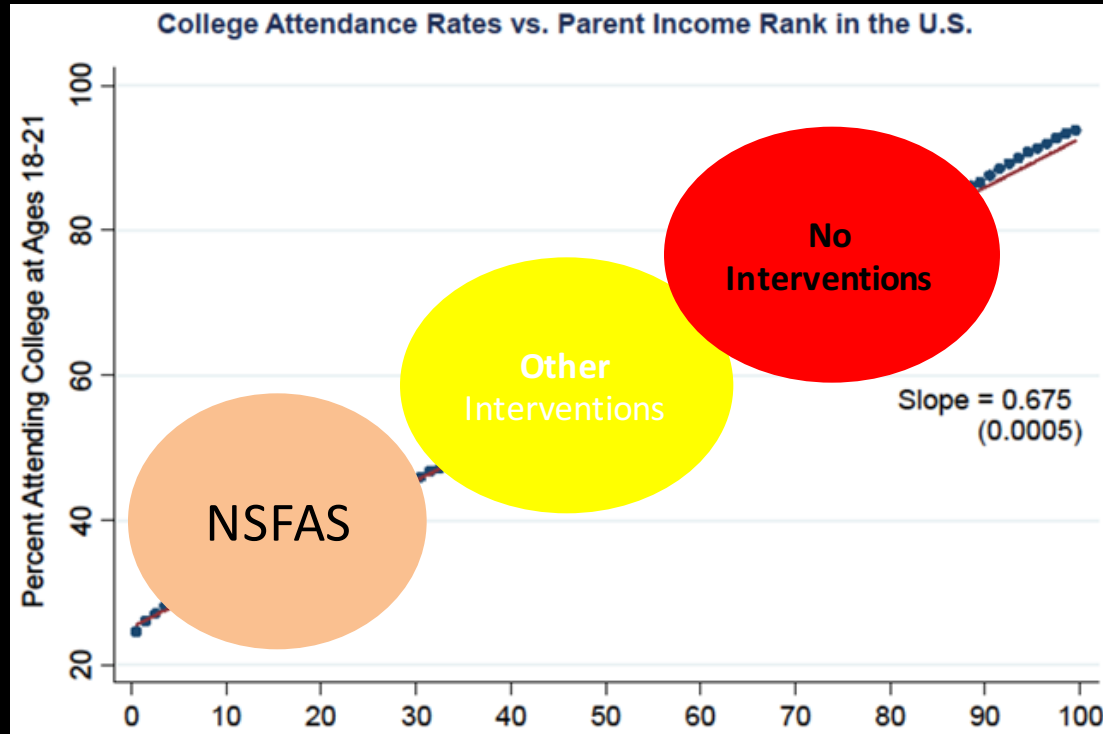
*Deflated by CPI inflation
Source: National Treasury



Tuition fees as a percentage of HEI total income: 2015



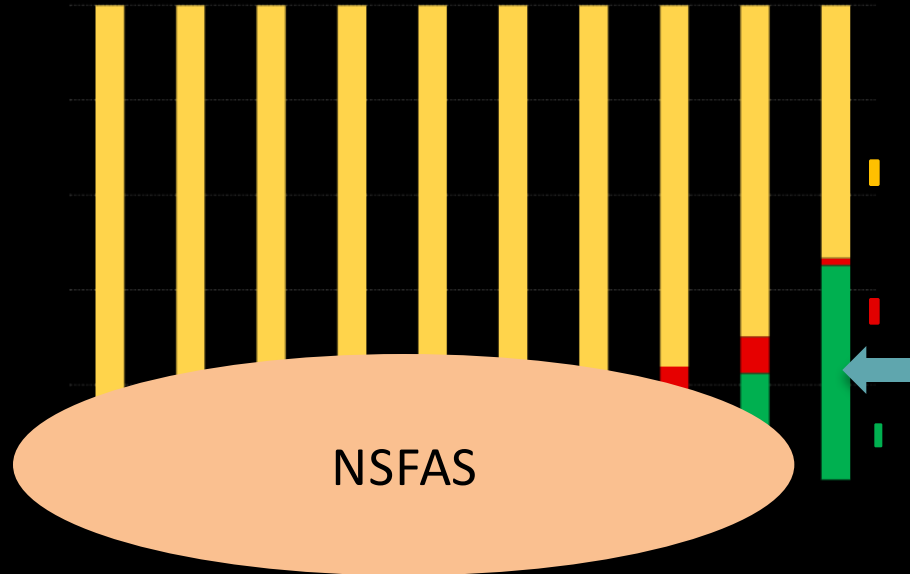
USA college attendance versus parent income



	Number	Income cut-off (IES) (2007 Rands)	Income cut-off (SARS) (2007 Rand)	Income cut-offs from Alvaredo & Atkinson*
Top 10%	3.46 m	R150,000		~R80,000
Top 1%	346,000	R600,000		~R400,000
Top 0.1%	34,600		R1,051,000	~R1,000,000
Top 0.01%	3460		R3,167,000	
Top 0.001%	346		R11,405,000	



Approximate distribution of university attendance for a recent matric cohort University Fees in South Africa



- A story from evidence. SALDRU, UCT, 10 August 2016. Nico Cloete, Charles Sheppard & Francois van Schalkwyk. CHET UWC



What can Rhodes University do about it?

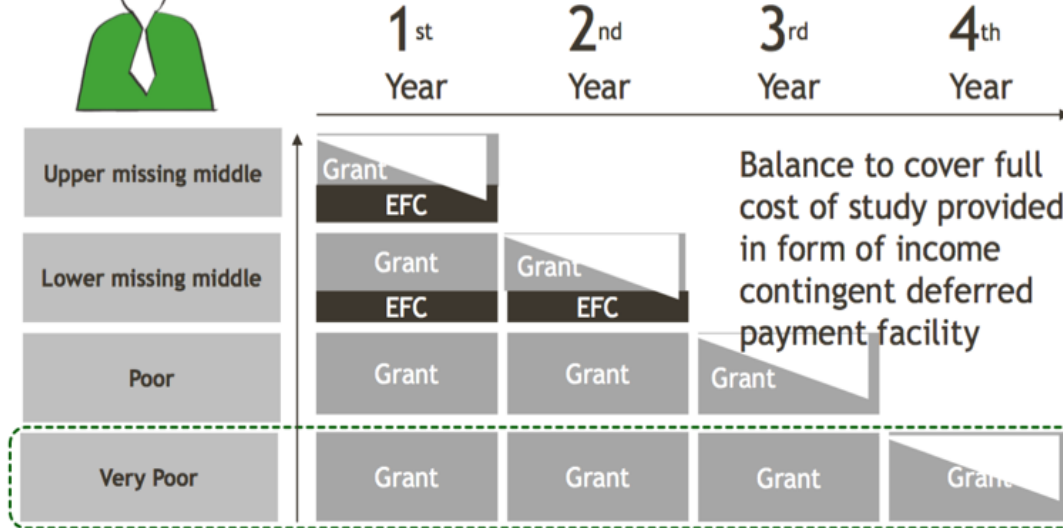
- The very poor
- The missing middle
- 'wealthy'



Loan and grant decision matrix (illustrative for a 3 year programme)



Loans according to higher loan repayment
(due to drop out) plus household means



Expected Family Contribution (EFC) increases by household means



Interventions for the 'very poor'

- Large-scale intervention from the university's resources is not sustainable!
- Targeted intervention from the limited resources available must be enhanced.
- External Funding interventions must be explored and communicated to students.



Interventions for the 'missing middle'

- Active employer intervention needed!
- Section 10(1)(q) bursaries
- BBBEE skills development spend
- SETA programs
- Targeted interventions for exceptional cases!

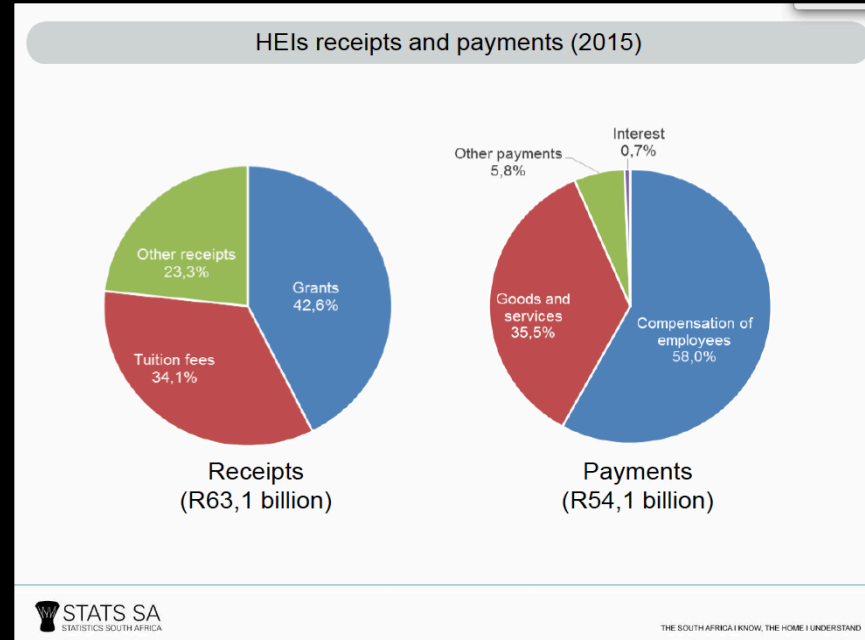


Interventions for the 'Wealthy'

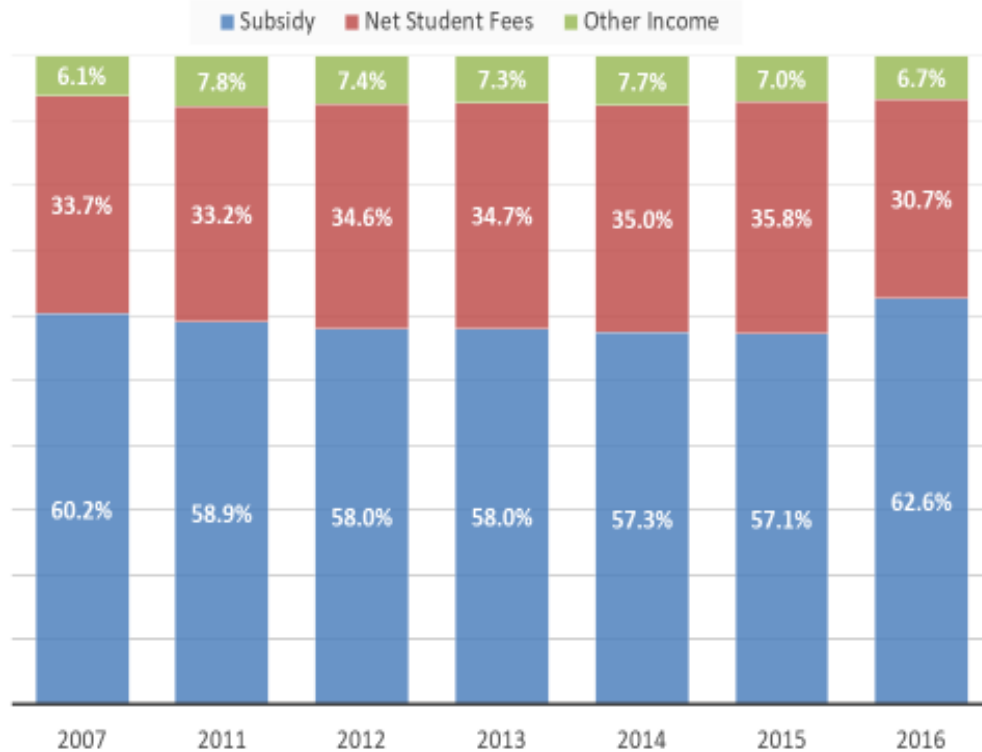
- Active employer intervention needed!
- Targeted interventions for exceptional cases!



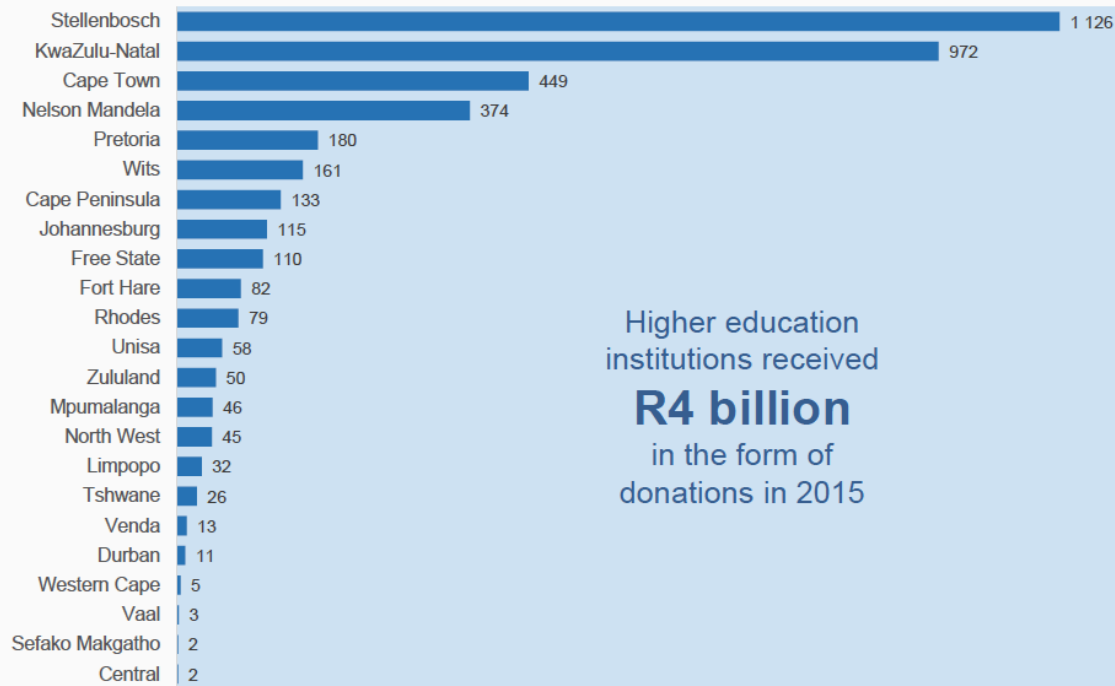
But where will the money come from?



SHARE OF TOTAL INCOME %



Donations to HEIs: 2015 (Rm)



Third stream of income initiatives at Rhodes University

- 1999 – extensive discussion but no progress
- 2009 – the Duncan paper followed by the Kiewietskroon Vice chancellors conference – no progress.



What is needed?

- The 'governing body' as recognized in King IV would be the Council of Rhodes University.
- The governing body should assume responsibility for its composition by setting the direction and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities. [King IV,Part 5.3 Recommended practice 6]



What is needed?

- The governing body should determine if and when to delegate particular roles and responsibilities to an individual member or members of the governing body, or to standing or *ad hoc* committees. [King IV Part 5.3 Recommended practices 39 and 40]



What is needed?

- ***Given the significance of the fees issue and the interrelationship that exists with the generation of third stream income it is suggested that two separate committees be established by the Board of Governors (Council of Rhodes University), the Fees committee and the Third Stream Income Committee.***



What is needed?

- The terms of reference should, at a minimum, deal with the following:
 - The composition of the committee and, if applicable, the process and criteria for the appointment of any committee members who are not members of the governing body.
 - The committee's overall role and associated responsibilities and functions.
 - Delegated authority with respect to decision-making.
- The tenure of the committee.
- When and how the committee should report to the governing body and others.
- The committee's access to resources and information.
- The meeting procedures to be followed.
- The arrangements for evaluating the committee's performance.
- [King IV Part 5.3 Recommended practices 41 to 43]

