University Funding and Fees

A Presentation to Staff in the Faculty of Health Sciences

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With special thanks to: Brenda Klingenberg, Jason Stoffberg, Adri Winckler, Eliza Hui, Desiree Esterhuizen, and the whole ICTS team in the faculty.
To answer student questions such as:

- Why are my fees high and am I getting my moneys worth?
- Is the faculty using my fees to pay for activities not related to my course?
- Is the faculty making a profit?
- There appears to be some anomalies in fee amounts: Are there mistakes in fee charges or am I deliberately being overcharged?
- What is the difference between cost and price, and does this have a bearing on my fees?
FUNDING (30 mins)

- To give a background to the Funding of universities in South Africa, in Africa and internationally

- To describe how the National Department of Higher Education and Training (DoHET) allocates funding to universities

- To show how the National Department of Health, Provincial Department of Health and the National Health Laboratory Services contribute to funding in the health science education

- To show how UCT is funded (overall) and how it distributes its funding to faculties and administrative sectors

FEES (30 mins)

- To explain how the university and faculty sets fees, with specific reference to postgraduate courses

Questions and answers (30–60 mins)
Undergraduate programmes

Certificate
◦ Higher certificate in Disability Practice

Bachelor’s degrees
◦ Audiology
◦ MBChB
◦ Occupational Therapy
◦ Physiotherapy

Other degree courses
◦ BSc (Human Biology/Physiology)
◦ Molecular Medicine (Intercalated degree)
Postgraduate programmes

- Postgraduate diplomas (PgDip including time and distance learning and mixed mode)
- Honours courses (including two professional honours programmes)
- Course work masters degrees, including MPH. (Composed of courses delivered face to face, or distance)
- Professional masters (MMed) – medical specialization (registrars and senior registrars)
- Research Masters and PhD degrees
Universities are not-for-profit publically funded organizations and with public accountability provided by i) annual audited reports to National Dept. of Higher Education and Training (DoHET) and ii) Financial statements (available in UCT web-site).

There are 26 universities in South Africa and over 1 million students. In addition there are many colleges, including FET, teacher training, nursing colleges.

They are paid for primarily by state subsidies (which derives its income from taxes), fees and the private sources. This income pays for CORE activities – Teaching and Learning and General Operating Budget.

The state subsidies, fees and private funding are Council controlled.

Note: Research, including most of the funds for postgraduate research, is independently funded and not under control of Council and includes Research grants, awards and contracts. Most research, including postgraduate research, is funded this was.
The state subsidies, fees and private income must cover all costs with no profit and must pay for:

- **Staff salaries** (academic, tutors, clinical supervisors, technical staff, administrative staff, service and other support staff, site supervisors, drivers)
- Contribution to WCG staff that carry out teaching and clinical supervision – payments to Western Cape Government Department of Health
- Staff tuition rebates, **student support** (including missing middle)
- General Operating
  - Insurance
  - buildings
  - electricity, water, rates and taxes,
  - rentals
  - maintenance,
  - central administration,
  - transport and busses, purchase, repairs, drivers, rentals
  - libraries, IT and computers,
  - roads, gardens, etc

Within the university the principle of **cross subsidization applies**: faculties with greater income and lower expenses cross subsidise those that are more expensive. In particular, the FHS is cross subsidized by Commerce and Humanities.
Trends in state grants and student fees
DoHET grants and student fees, as a percentage of total income of universities (2000–09)

Source: HESA (2011b: 14)
DoHET Figures, Private income as a percentage of total income: 10-year averages (2000–09)
Current state subsidy allocation model was introduced in 2004.

State wanted to move the emphasis of its funding from inputs to outputs.

State wanted to try and manage the size of the system (make funding it more predictable).

Try to influence what the system was producing (targeting of specific fields like Finance, Engineering, Health Sciences).

No new funding was added – simply took the existing level of funding and divided it up per the new funding framework.
The DoHET State Funding Framework
How it works now: key points

- DoHET ‘Block’ and ‘Earmarked’ Grants

- ‘Block Grants’ (72%)
  - Teaching input & outputs 60%
  - Postgraduate research outputs 9.25% (research Masters and PhD theses)

- ‘Earmarked Grants’ (28%)
  - NSFAS 14%
  - Infrastructure & efficiency improvements 7%
  - Clinical Training Grants (+others) 3.3%
SUMMARY: OVERALL SUBSIDY HAS DROPPED OVER 10 YEARS AND FEES INCREASED. PROPORTION OF PRIVATE INVESTMENT ALSO DROPPED.
University Sources of Income

Data Sources

WITS SRC Free Education Model Report
Published in October 2016

UCT Annual Report Data
Published in UCT submission to Presidential Commission on funding of Higher Education

DoHET Data
Published in DoHET Reports

DoHET & USAf Data
Published in UCT submission to Presidential Commission on funding of Higher Education
What about “reserves”

- Reserves are, in general, used for new buildings, new projects, campus extensions, outreach.

- The university is expected to generate a surplus every year which goes into reserves. This has not been possible in recent times, and reserves are being depleted because 1) subsidies have not increased and 2) fees were not increased in 2015.
Multiple Funding sources for health professional education & training

- **National Department of Higher Education & Training**
  - DoHET subsidies
  - Clinical Training Grant
  - Development Grants

- **National Department of Health allocation to Provinces**
  - Health Professional Training & Development Grant
  - National Tertiary Services Grant

- **Provincial Department of Health**
  - Equitable Share – salaries of Health Professionals who teach

- **National Health Laboratory Services**
  - Salaries of Teaching Staff

- **Research Income**

- **Private/Other Income**

- **Student Fees**
<table>
<thead>
<tr>
<th>Programme</th>
<th>Total Programme Period Cost per Graduate</th>
<th>Average Total Cost per Graduate per annum</th>
<th>Average Programme Fees per Graduate (2016)</th>
<th>2016 Fees as % of Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>MB, ChB</td>
<td>1 519 125</td>
<td>253 188</td>
<td>73 823</td>
<td>29%</td>
</tr>
<tr>
<td>BSc Audiology</td>
<td>607 896</td>
<td>151 974</td>
<td>53 553</td>
<td>35%</td>
</tr>
<tr>
<td>BSc Speech-Language Pathology</td>
<td>607 896</td>
<td>182 176</td>
<td>52 635</td>
<td>29%</td>
</tr>
<tr>
<td>BSc Occupational Therapy</td>
<td>467 699</td>
<td>116 925</td>
<td>51 320</td>
<td>44%</td>
</tr>
<tr>
<td>BSc Physiotherapy</td>
<td>467 699</td>
<td>153 196</td>
<td>49 788</td>
<td>32%</td>
</tr>
</tbody>
</table>
UNDERGRADUATE funding

- Fees – pay for 29% of costs
- Subsidies – Pay for about 30% of costs
  - (Note: state only pays subsidies for 4.5 years of the MBChB)
- Clinical Training Grants – 3%
- Health profession Training and Development Grant (paid to provinces) – pays for remainder
- NHLS
- Private Income – eg named Chairs
# FHS Budget 2016 – income and expenditure

## Income

<table>
<thead>
<tr>
<th>Source</th>
<th>R' million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govt Subsidies</td>
<td>272</td>
</tr>
<tr>
<td>Tuition Fee</td>
<td>179</td>
</tr>
<tr>
<td>Other Income</td>
<td>96</td>
</tr>
<tr>
<td><strong>Total Gross Income</strong></td>
<td><strong>546</strong></td>
</tr>
</tbody>
</table>

## Expenditure

<table>
<thead>
<tr>
<th>Category</th>
<th>R' million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Costs</td>
<td>322</td>
</tr>
<tr>
<td>Space Charge</td>
<td>104</td>
</tr>
<tr>
<td>Contribution to UCT running costs</td>
<td>96</td>
</tr>
<tr>
<td><strong>Total Costs incl Asset Costs</strong></td>
<td><strong>563</strong></td>
</tr>
</tbody>
</table>
Background to change to course base fees at UCT in 2005
Principles of course based fee setting
Understanding the principles of cost and price.
If courses change, how are fees decided? Process flow. Who is consulted on fees setting, when and how? Are students involved?
Programme

Course – has a course code attached

(Module) – an commonly used term, especially in the postgrad sector, but is not a “formal” term
## COST VERSUS PRICE

### In a profit making organization, such as **Pick and Pay**

**Costs**
- Buy and sell goods
- Buildings, rental, staff costs, transport etc

**Income from sale of goods**

**Price**
- Price must cover all costs **AND** make a profit

### In a not-for-profit organization, such as **University of Cape Town**

**Costs**
- Prepare and deliver teaching and education, buildings, rental, staff costs, transport etc

**Income from state subsidies, fees and private**

**Income must cover all costs, BUT WITH NO PROFIT**
Course Based Fees

Overview and Data related to Health Sciences Conversion
Process Overview

- Decision was made in 2003/4 to move to Course Based Fees (CBF) on implementation of new Student System (Peoplesoft) starting in January 2006.

- Prior to this, many problems and inequities had developed. eg. One paid a set yearly programme fee (PF). Each year of a course had a set charge, and this had to be paid regardless of how many courses one took.

- Another problem was that PF did not include course levies for printing, transport and other costs. Thus there were additional unpredicted costs.

- Extensive modelling was done to determine best basis for conversion of existing Program Fees (PF) to Course Based Fees, to ensure parity, fairness and transparency.

- Outcomes and proposals presented and debated with SRC, Faculties, Senate, Finance Committee (UFC) and Council for inputs, refinements and validation.

- Approved by Senate, UFC and Council in August 2005.
Conversion to course based fees

On the agreed CBF conversion basis, all costs were included resulting in an overall reduction of around 1% for that year.

- **Note:** other institutions such as U Stell, do not include the additional costs in their base fees, the students must pay for a variety of additional costs.

- So if one wants to compare fees across institutions, one needs to add in all the extras from other institutions
How are fees set or reviewed

<table>
<thead>
<tr>
<th>1. Programme committee (e.g. MBChB or PgDip Nursing) undertake a programme or course change/revision. <strong>Student reps</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Fees are considered by Central Finance (RAAG) in the context of whole university. <strong>(SRC reps)</strong></td>
</tr>
<tr>
<td>3. Based on KTM, NQF credits level and other cost considerations the Deputy Dean, academic admin and Finance team recommend fee. This is included in the faculty budget proposal for next year and signed off by Dean. <em>Comments: student reps need to participate</em></td>
</tr>
<tr>
<td>4. Must be approved by Undergraduate/Postgraduate Education committee taking all costs into account (change in credits or mode of teaching or site). <strong>Student reps</strong></td>
</tr>
<tr>
<td>5. If approved, sent to Council for final approval <strong>(SRC reps)</strong></td>
</tr>
</tbody>
</table>
There are a number of factors that influence the cost of a course and fee setting.

**FACTORS INFLUENCING SUBSIDIES**
- **HEMIS** – Higher Education management system – used for calculating subsidies, and weighting of each course to the degree
- **HEQSF** level– high education quality framework level
- Disciplines are funded at different levels ("CESMS") (Classification of Educational Subject Matter)

**FACTORS INFLUENCING FEES**
- **NQF** credits – National Quality Framework credits
- **KTM** – Knowledge transfer mode
- Class and group size
- Mode of delivery
- Transport
- Levels of supervision and staff
## An example from MBChB year 5

<table>
<thead>
<tr>
<th>Code</th>
<th>Course Description</th>
<th>Fee</th>
<th>NQF Credits</th>
<th>Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAE5000H</td>
<td>Anaesthesia</td>
<td>R 12 190.00</td>
<td>40</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>PPH5000H</td>
<td>Primary Health Care Elective</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PED5001W</td>
<td>Paediatrics (including Paediatric Surgery)</td>
<td>R 12 190.00</td>
<td>40</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>MDN5002W</td>
<td>Medical &amp; Surgical Specialities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHM5003W</td>
<td>Surgery</td>
<td>R 12 190.00</td>
<td>40</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>MDN5003H</td>
<td>Pharmacology &amp; Applied Therapeutics</td>
<td>R 5 800.00</td>
<td>20</td>
<td>Classroom</td>
</tr>
<tr>
<td>CHM5004H</td>
<td>Trauma</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>CHM5005H</td>
<td>Orthopaedic Surgery</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>OBS5005W</td>
<td>Gynaecology</td>
<td>R 6 110.00</td>
<td>30</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>LAB5008H</td>
<td>Forensic Medicine</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MDN5005W</td>
<td>Dermatology</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>MDN5006W</td>
<td>Rheumatology</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>CHM5007W</td>
<td>Neurology and Neurosurgery</td>
<td>R 6 110.00</td>
<td>20</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>CHM5008W</td>
<td>Ophthalmology</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>CHM5009W</td>
<td>Otorhinolaryngology</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
<tr>
<td>CHM5010W</td>
<td>Urology</td>
<td>R 3 060.00</td>
<td>10</td>
<td>Classroom and clinical</td>
</tr>
</tbody>
</table>

**Total:** R 63 820.00 (220 NQF Credits)**
## An example from occupational therapy year 2

<table>
<thead>
<tr>
<th>Course code</th>
<th>Name</th>
<th>CESM</th>
<th>HEQSF level</th>
<th>KTM</th>
<th>NQF credits</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDN2002W</td>
<td>Clinical Sciences I</td>
<td>091406</td>
<td>7</td>
<td>3</td>
<td>13</td>
<td>4 350</td>
</tr>
<tr>
<td>PRY2002W</td>
<td>Psychiatry for OTS</td>
<td>091406</td>
<td>7</td>
<td>3</td>
<td>14</td>
<td>6 040</td>
</tr>
<tr>
<td>HUB2015W</td>
<td>Anatomy and Physiology II</td>
<td>091406</td>
<td>7</td>
<td>3</td>
<td>36</td>
<td>14 400</td>
</tr>
<tr>
<td>AHS2043W</td>
<td>Occupational Therapy II</td>
<td>091406</td>
<td>7</td>
<td>3</td>
<td>36</td>
<td>15 000</td>
</tr>
<tr>
<td>PSY2003S</td>
<td>Social Psychology and Intergroup relations</td>
<td>091406</td>
<td>7</td>
<td>3</td>
<td>24</td>
<td>7 630</td>
</tr>
<tr>
<td>PSY2009F</td>
<td>Developmental Psychology</td>
<td>091406</td>
<td>7</td>
<td>3</td>
<td>24</td>
<td>7 630</td>
</tr>
<tr>
<td>TOTALS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>147</td>
<td>55 050</td>
</tr>
</tbody>
</table>
Postgraduate fees and subsidies

- Ratio of fee to subsidy at
  - Level 7 (honours and PgDip) – 2:1
  - Level 8 (masters) – 4:1
  - PhD – about 8:1

- Fees tables – will be shown
- Subsidy Tables – will be shown
How fees further broken down?

- What percentage of your money is used for staff teaching, for infrastructure, operations, transport etc
How fees and subsidies are distributed to departments

- Fees
  - Central: Less 30%
  - Faculties: Less 20%

- Subsidies
  - Central: Less 30%
  - Faculties: Less 20%

Running Costs of University (see slide 8)

Private

Departments - staff and operating (as agreed by HODS and management)

Payment to Department of Health for teaching

Running costs of faculty including all teaching sites
How each fee is broken down example: Paediatrics

**CENTRAL**

PED5001W, Paediatrics R12190

Less 30% → R8533

R3657

University costs – slide 8

**FACULTY**

Staff costs: 69%

- Professors, consultants, lecturers
- Nurse tutors, registrars
- Clinical tutors
- Departmental admin staff
- Support staff
- Facility supervisors
- Drivers
- IT support

Staff activities

- Preparation
- Lectures
- Tutorials
- Clinical Supervision
- Tests
- Exams
- Assessments
- Setting and marking
- Course admin
- Student support

Administration and operations: 3.4%

Transport and travel: 0.5%

Space charges, levies: 22% (includes hospital spaces)

Assets and capital expenses – 0.2%
How each fee is broken down – a hypothetical laboratory based postgraduate course

FACULTIES

- Lecturers
- Tutors
- Demonstrators
- Technical staff
- Support staff
- Administrative staff

Staff costs: 48%

Staff activities

- Preparation
- Lectures
- Tutorials
- Practicals
- Supervising
- Tests
- Exams
- Setting and marking
- Course admin
- Student support

University costs

- Administration and operations: 2.4%
- Transport and travel: 0
- Space charges: 15.4%
- Assets and capital expenses – 0.2%
Hypothetical Example: delivering a lecture and practical course in Human Biology

- **LECTURES**, class of 200
  - Eg 20 x 1 hour lectures: 20 staff hours, 20 student contact hours
  - Preparation, 1 hour/lecture: 20 staff hours
  - Setting a test and exam, running exam: 10 staff hours, 2 student contact hours
  - Marking tests and exams, 200 students: 50 staff hours (15 mins/student)

- **PRACTICAL WORK**
  - Eg 10 X 2 hours pracs, times 3 (66 per class): 60 staff hours, 20 student contact hours
  - Preparation by 3 teaching staff/demos,
    - 30 mins each, for 10 pracs X 3 sets: 45 staff hours
  - Preparation of physiology equipment,
  - Anatomical specimens, histology slides
  - Mortuary, histology, electronic technical staff: 10 staff hours
  - Cleaning staff work: 10 staff hours
  - Setting up prac exams and marking: 30 staff hours, 2 student contact hours

- **ADMINISTRATIVE WORK**
  - Class lists, dealing with queries: 5 staff hours
  - Organization, venue booking, timetables: 5 staff hours
  - Tests and exams –printing or setting up electronic systems: 5 staff hours
  - Collating papers and adding up marks: 10 staff hours
  - Entering and checking marks: 5 staff hours
  - Entering into data bases: 10 staff hours
  - Test and exam board meetings: 5 staff hours

**TOTAL**

- 300 staff hours
- 44 student contact hours
Discussion points

- Teaching modes
- Economies of scale
- Balancing educational and financial considerations
- Delivering fit for purpose graduates with appropriate training
Why are UCT fees the highest in the country?
Cost drivers – factors that impact costs (and therefore prices)

- Group sizes
- Mode of delivery
- Mode of supervision
- Travel and distributive platform
- Staff salaries and levels
- Facilities and venues
One factor is **Staffing Cost increases**, (which will now also include previously outsourced staff)

![Staffing Cost Increases](image)

Insourcing of staff will impact in 2016
Discussion