

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 AND 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

Background and principles 1.

- ▶ 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 way.*

Background and principles 2

The state subsidies, fees and private income must cover all costs with no profit and must pay for:

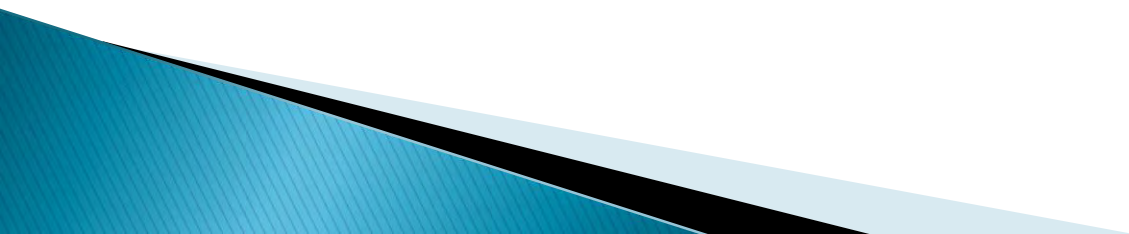
- Staff salaries (academic, tutors, clinical supervisors, technical staff , administrative staff, service and other support staff, site supervisors, drivers)
- Contribution to WCG staff that carry out teaching and clinical supervision – payments to Western Cape Government Department of Health
- staff 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



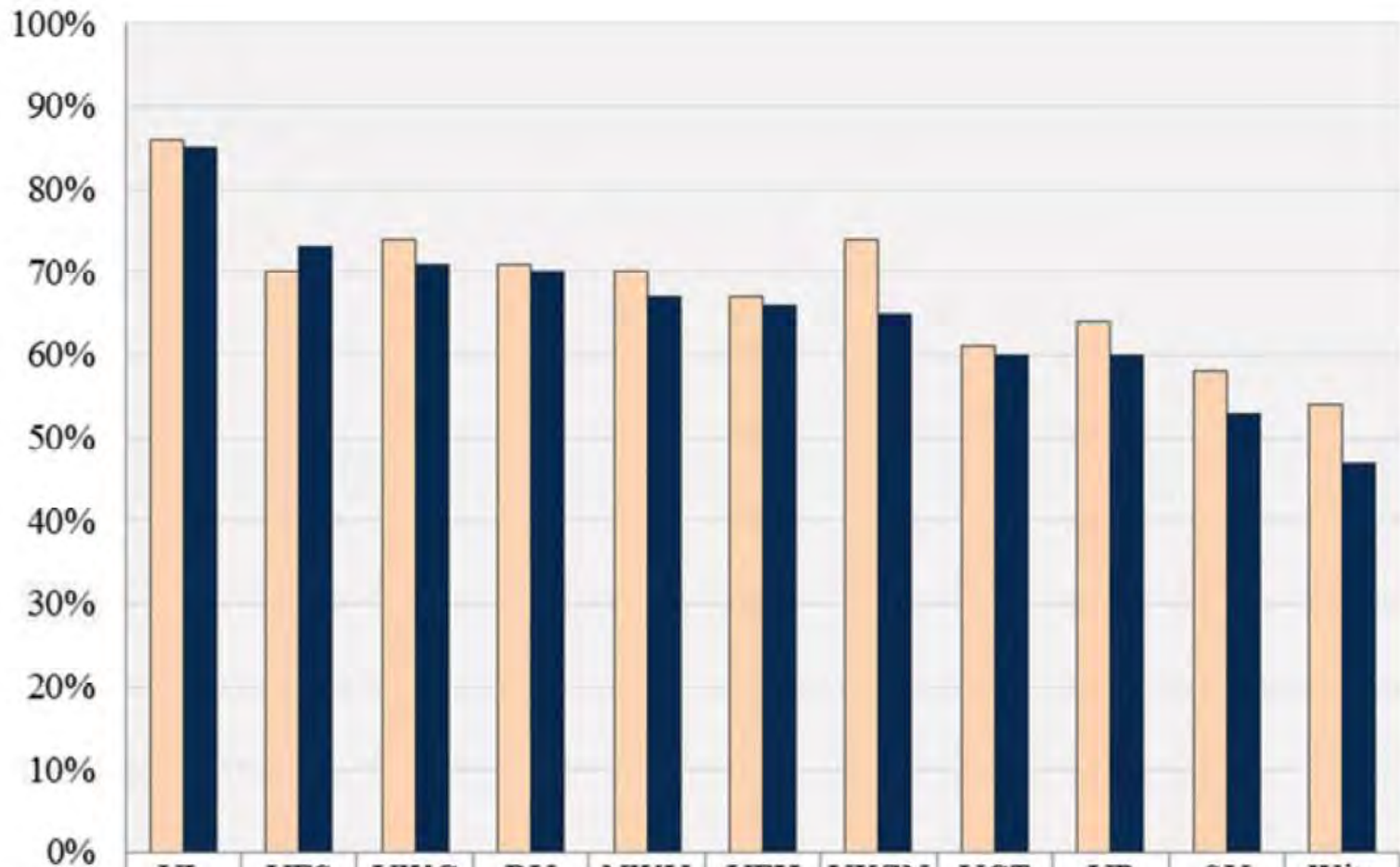
- ▶ Within the university the principle of **cross subsidization applies**: faculties with greater income and lower expenses cross subsidise those that are more expensive. In particular, the FHS is cross subsidized by Commerce and Humanities.

Trends in state grants and student fees



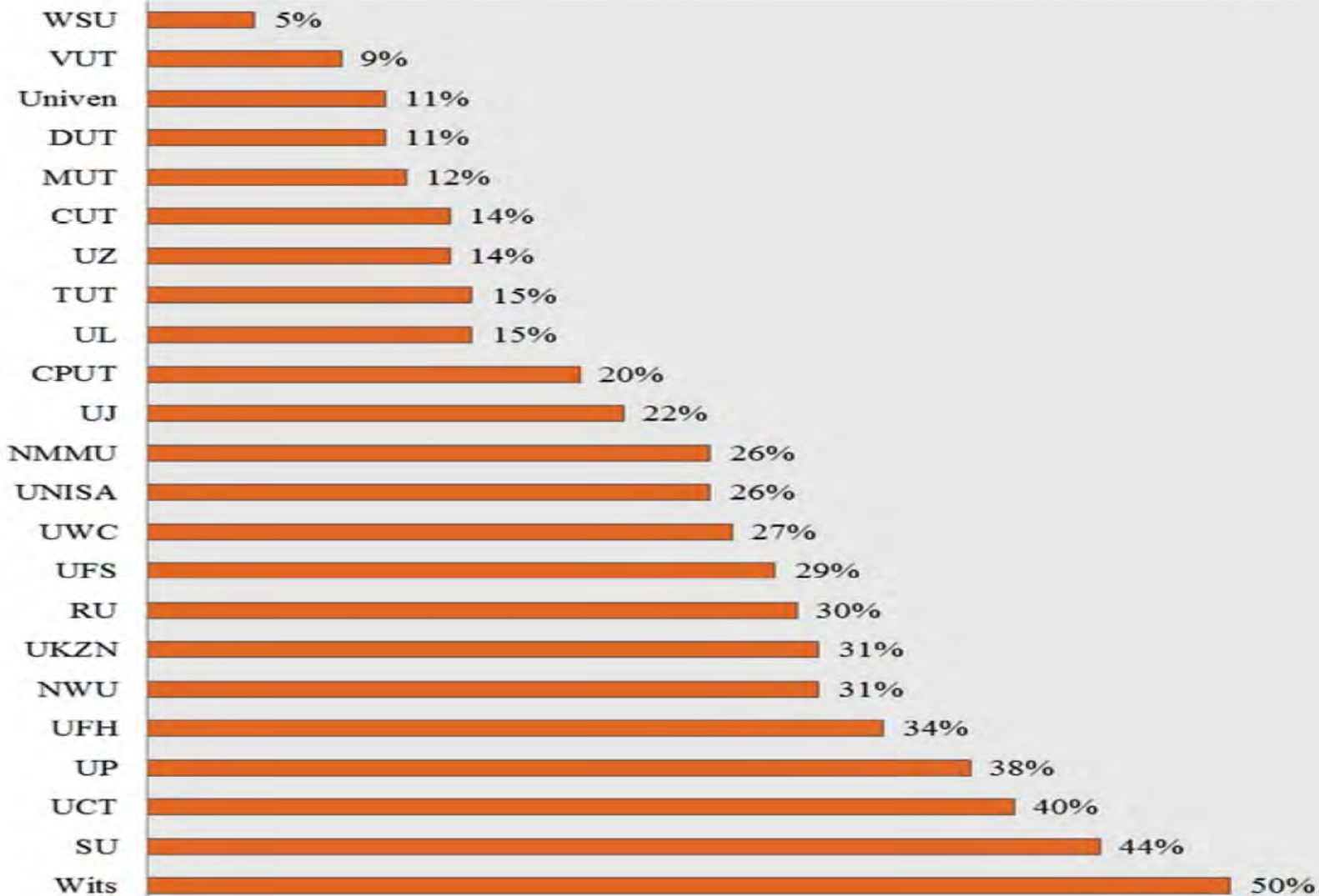
DoHET grants and student fees, as a percentage of total income of universities (2000–09)

Source: HESA (2011b: 14)



■ Average 2000–04	86%	70%	74%	71%	70%	67%	74%	61%	64%	58%	54%
■ Average 2005–09	85%	73%	71%	70%	67%	66%	65%	60%	60%	53%	47%

DoHET Figures, Private income as a percentage of total income: 10-year averages (2000–09)



The DoHET State Funding Framework - How it worked then and key points

- ▶ 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).

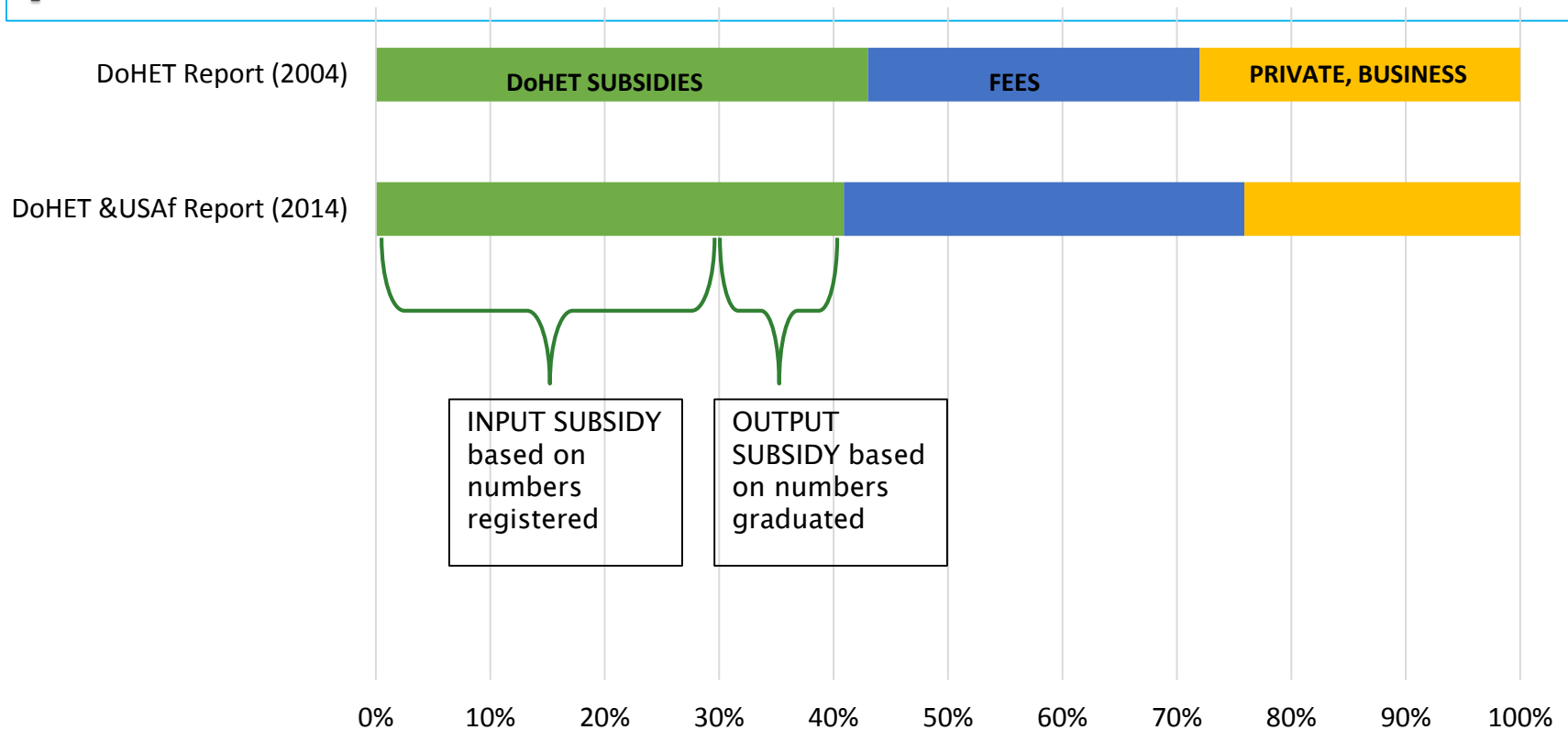
No new funding was added – simply took the existing level of funding and divided it up per the new funding framework.

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%

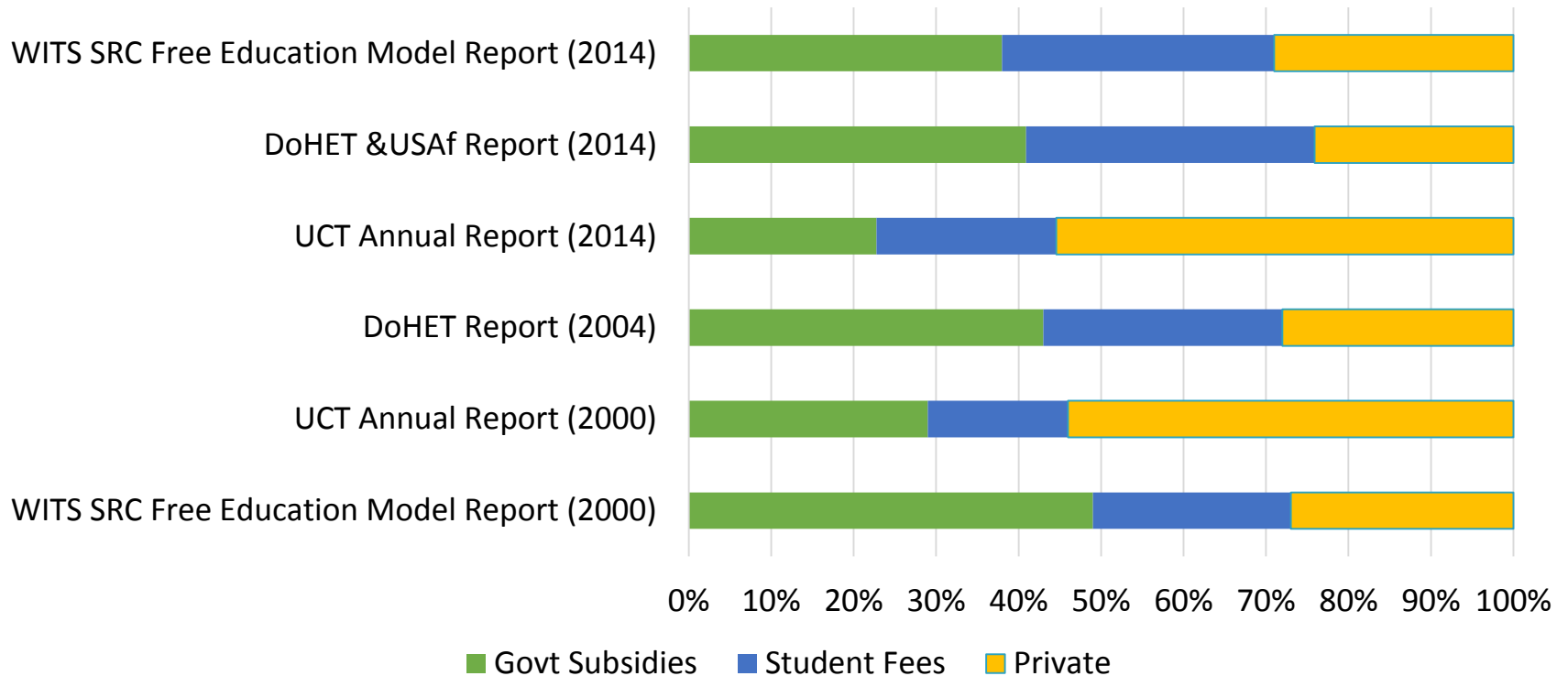
UNIVERSITY SOURCES OF INCOME – NATIONAL PICTURE showing proportions from subsidies, fees and private



SUMMARY: OVERALL SUBSIDY HAS DROPPED OVER 10 YEARS AND FEES INCREASED. PROPORTION OF PRIVATE INVESTMENT ALSO DROPPED.

University Sources of Income

University Sources of Income



Data Sources

WITS SRC Free Education Model Report

UCT Annual Report Data

DoHET Data

DoHET&USAf Data

Published in October 2016

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

Published in DoHET Reports

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

Total Cost of Programmes versus Fees

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

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

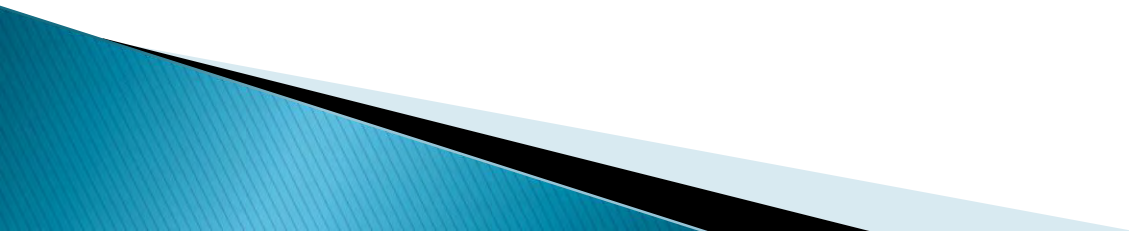
Income

		R' million	
Govt Subsidies		272	50%
Tuition Fee		179	33%
Other Income		96	18%
Total Gross Income		546	

Expenditure

Staff Costs		322	57%
Space Charge		104	18%
Contribution to UCT running costs		96	17%
Total Costs incl Asset Costs		563	

UCT 2016 – Financial Climate



Setting of Fees

- ▶ 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?

Terminology

- ▶ 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](#)

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



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Course Based Fees

**Overview and Data related to Health
Sciences Conversion**

Hardy Maritz: Manager Financial Information Management, UCT Finance Department
General Meeting of The Health Sciences Student Council: 4 May 2011



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

If approved, sent to Council for final approval
(*SRC reps*)

Fees are considered by Central Finance (RAAG) in the context of whole university.
(*SRC reps*)

Programme committee (e.g. MBChB or PgDip Nursing) undertake a programme or course change/revision.
Student reps

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.
Comments: student reps need to participate

Must be approved by Undergraduate/Postgraduate Education committee taking all costs into account (change in credits or mode of teaching or site). *Student reps*



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

		2016		Mode
		Fee	NQF Credits	
AAE5000H	Anaesthesia	Moved to sixth year		
PPH5000H	Primary Health Care Elective	Moved to sixth year		
PED5001W	Paediatrics (including Paediatric Surgery)	R 12 190.00	40	Classroom and clinical
MDN5002W	Medical & Surgical Specialities	Moved to sixth year		
CHM5003W	Surgery	R 12 190.00	40	Classroom and clinical
MDN5003H	Pharmacology & Applied Therapeutics	R 5 800.00	20	Classroom
CHM5004H	Trauma	R 3 060.00	10	Classroom and clinical
CHM5005H	Orthopaedic Surgery	R 3 060.00	10	Classroom and clinical
OBS5005W	Gynaecology	R 6 110.00	30	Classroom and clinical
LAB5008H	Forensic Medicine	Moved to sixth year		
MDN5005W	Dermatology	R 3 060.00	10	Classroom and clinical
MDN5006W	Rheumatology	R 3 060.00	10	Classroom and clinical
CHM5007W	Neurology and Neurosurgery	R 6 110.00	20	Classroom and clinical
CHM5008W	Ophthalmology	R 3 060.00	10	Classroom and clinical
CHM5009W	Otorhinolaryngology	R 3 060.00	10	Classroom and clinical
CHM5010W	Urology	R 3 060.00	10	Classroom and clinical
		R 63 820.00	220	

An example from occupational therapy year 2

Course code	Name	CESM	HEQSF level	KTM	NQF credits	Fee
MDN2002W	Clinical Sciences I	091406	7	3	13	4 350
PRY2002W	Psychiatry for OTS	091406	7	3	14	6 040
HUB2015W	Anatomy and Physiology II	091406	7	3	36	14 400
AHS2043W	Occupational Therapy II	091406	7	3	36	15 000
PSY2003S	Social Psychology and Intergroup relations	091406	7	3	24	7630
PSY2009F	Developmental Psychology	091406	7	3	24	7 630
TOTALS					147	55 050

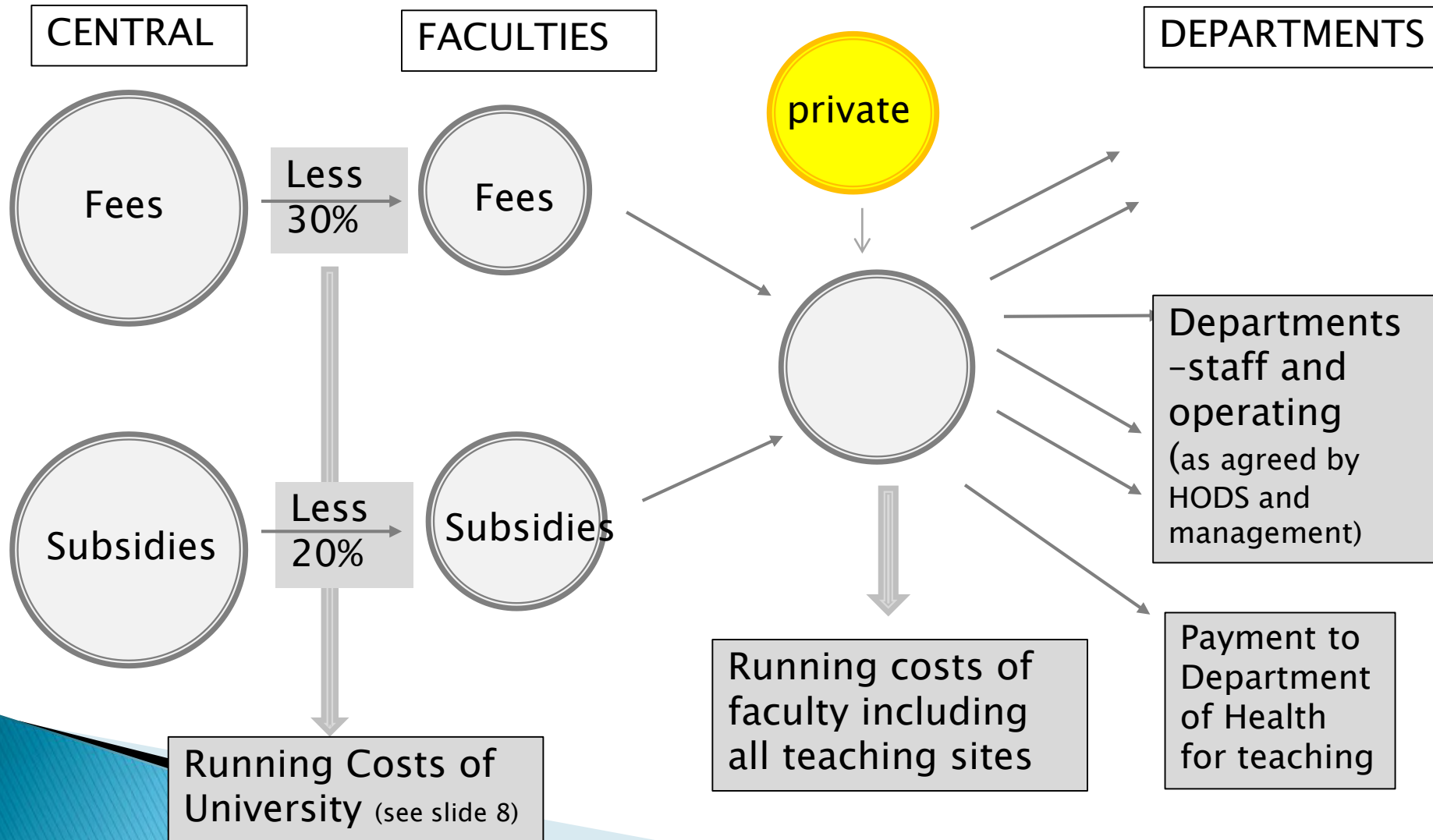
Postgraduate fees and subsidies

- ▶ 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



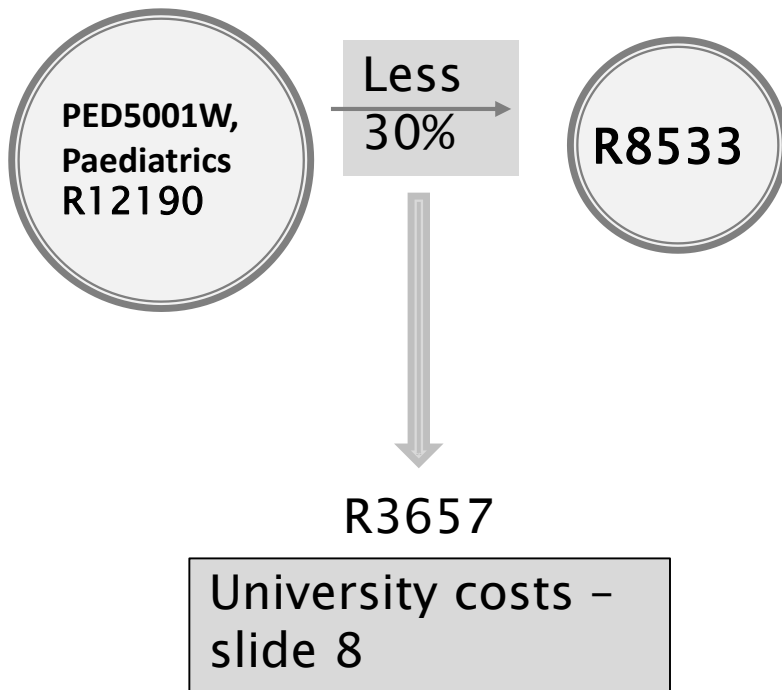
How each fee is broken down example: Paediatrics



The Pediatrician is in!

CENTRAL

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%

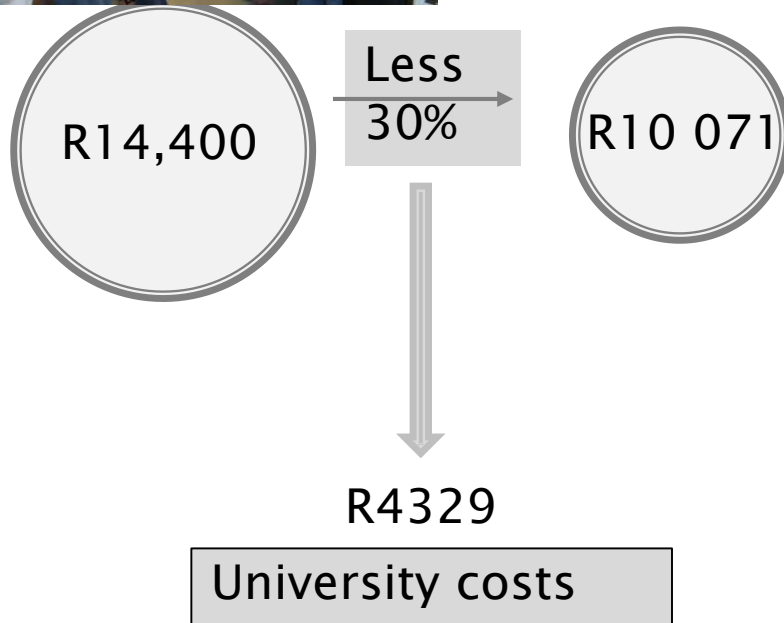
Space charges, levies: 22%
(includes hospital spaces)

Assets and capital expenses - 0.2%

How each fee is broken down – a hypothetical laboratory based postgraduate course



FACULTIES



Staff costs: 48%

- lecturers
- tutors
- demonstrators
- technical staff
- Support staff
- Administrative staff

Staff activities

- Preparation
- Lectures
- Tutorials
- Practicals
- supervising
- Tests
- Exams
- Setting and marking
- course admin
- student support

Administration and operations: 2.4%

Transport and travel: 0

Space charges: 15.4%

Assets and capital expenses – 0.2%

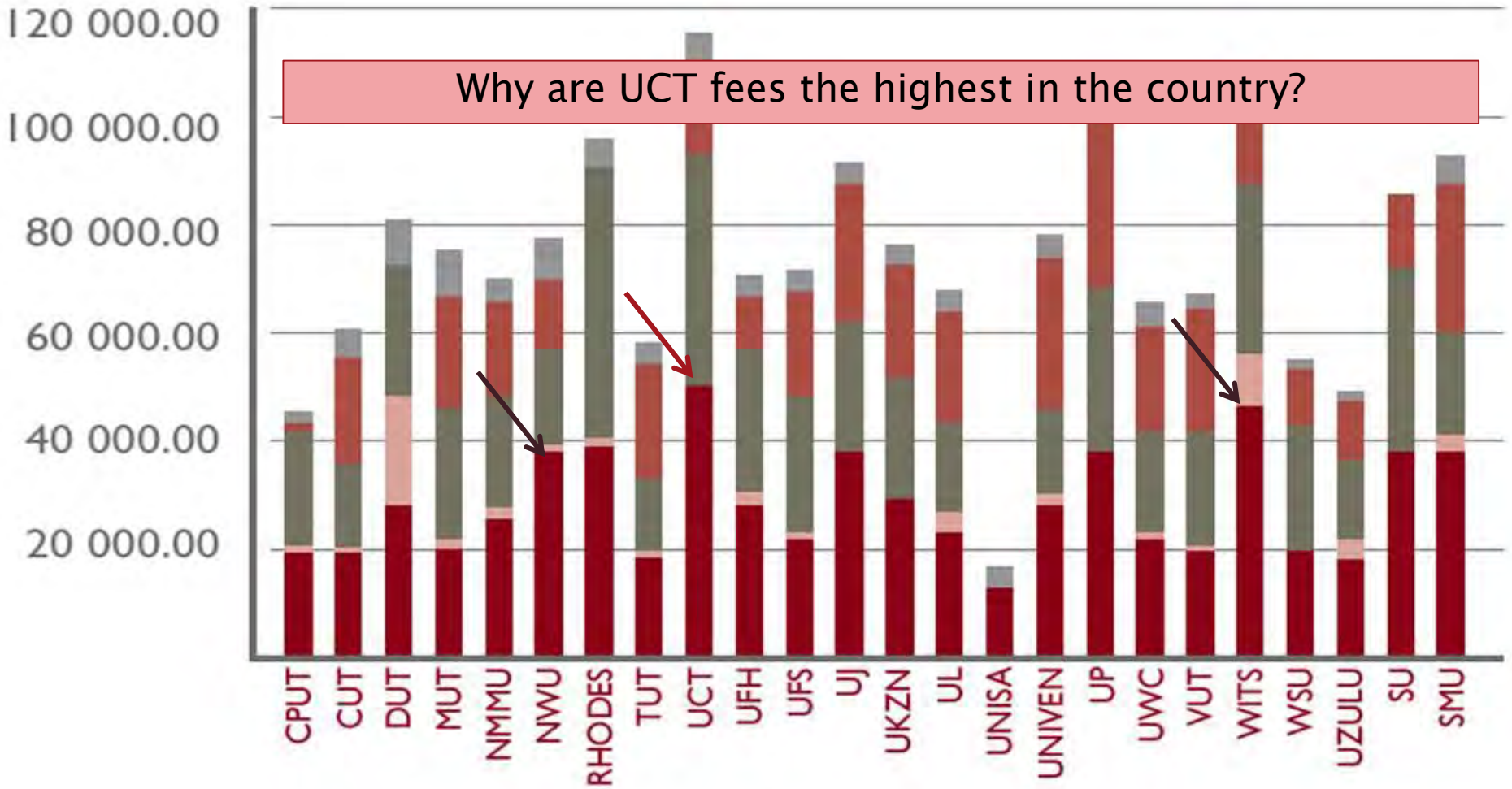
Hypothetical Example: delivering a lecture and practical course in Human Biology

	<u>STAFF TIME</u>	<u>STUDENT CONTACT TIME</u>
▶ LECTURES , class of 200		
◦ Eg 20 x 1 hour lectures	20	20
◦ Preparation, 1 hour/lecture	20	
◦ Setting a test and exam, running exam	10	2
◦ Marking tests and exams, 200 students	50 (15 mins/ student)	
PRACTICAL WORK		
◦ Eg 10 X 2 hours pracs, times 3 (66 per class)	60	20
◦ Preparation by 3 teaching staff/demos,		
• 30 mins each, for 10 pracs X 3 sets	45	
◦ Preparation of physiology equipment,		
◦ Anatomical specimens, histology slides		
• Mortuary, histology, electronic technical staff	10	
◦ Cleaning staff work	10	
◦ Setting up prac exams and marking	30	2
ADMINISTRATIVE WORK		
Class lists, dealing with queries	5	
Organization, venue booking, timetables	5	
Tests and exams -printing or setting up electronic systems	5	
Collating papers and adding up marks	10	
Entering and checking marks	5	
Entering into data bases	10	
Test and exam board meetings	5	
TOTAL	300 hours	44 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?



Tuition fees



Registration



Student housing



Meals

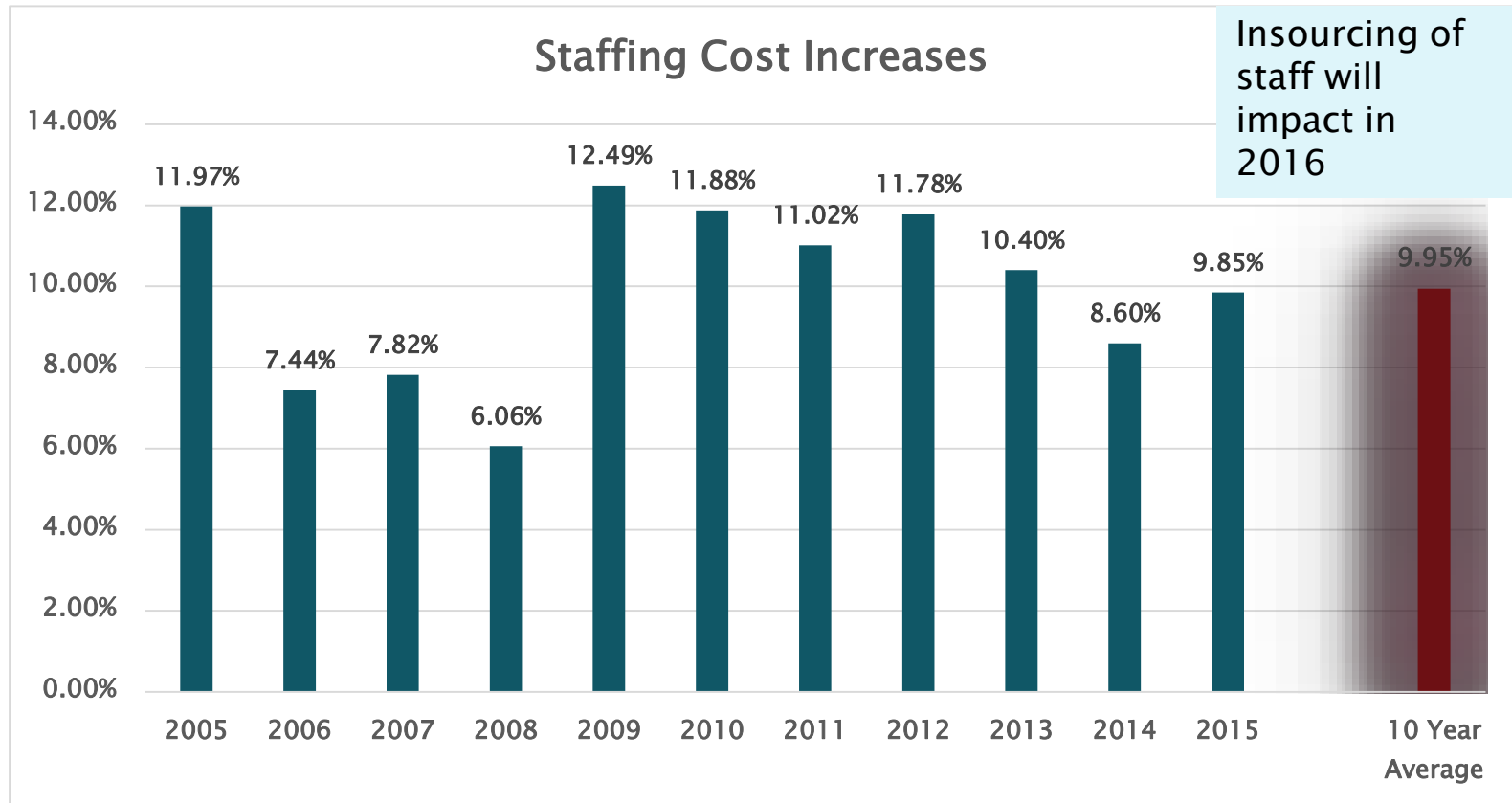


Books

Cost drivers – factors that impact of 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)



Discussion

