

## Frequently Asked Questions (FAQs): Fees and Financial Aid

### 1. How is the university funded?

There are three sources of funding for all universities: first stream (government subsidies), second stream (student fees) and third stream (research income, investments, donations, commercial ventures and other funding). In respect of UCT's 2016 general operating budget, government funding amounted to 42%, tuition fees to 43% and other sources and activities made up the balance (15%). Government funding is received in instalments from April to November (aligned to government's financial year).

### 2. Why have tuition fees for 2017 increased by 8%?

University subsidies (block grant) from government to universities over the last two decades have not kept pace with the enrolment numbers in higher education with the result that higher education has been underfunded. UCT's block grant for 2017 increases by a mere 1.75%, which follows a similar trend of increases over the last few years.

The consumer price index (CPI) is currently at 6% and UCT's teaching and related internal inflation is deemed to be 8.57%. Our internal inflation is influenced greatly by the large staffing component of our costs, the effects of insourcing, the impact of foreign currency exchange rates on library acquisitions, financial aid, electricity and other operating costs. An 8% increase is crucial to ensure financial sustainability for 2017 while at the same time being forced to make other strategic decisions in terms of cost-cutting and streamlining.

### 3. Why have residence fees for 2017 increased by 10%?

Student housing is structured such that it should be self-sustainable, ie the residence fee revenue should be sufficient to cover all operational costs as well as the financing and capital cost components of the debt raised to build residences. UCT's housing and related internal inflation is deemed to be 15.38%. This internal inflation is influenced greatly by the effects of insourcing, building and catering costs, and other operating costs. South African food inflation increased by 11.7% in October 2016 year on year (<http://www.tradingeconomics.com/south-africa/food-inflation>). We believe that a 10% increase will go a long way to addressing sustainability for 2017. There will be a greater focus on increasing non-student revenue streams, for example, growing revenue from vacation accommodation.

### 4. Why are UCT fees apparently higher than at other universities?

First, in making comparisons between universities, one must be aware that UCT charges a single all-inclusive fee, while most other universities charge a tuition fee plus a series of additional levies for things like course notes, field trips, internet access and transport. Unlike many other universities whose fees seem lower than UCT's, there are no hidden costs when it comes to UCT fees. Among other things, our fees cover the Jammie Shuttle service, fieldwork costs, lecture notes, course levies, lab and PC lab access fees and instrument costs. UCT also provides free unlimited Wi-Fi access to all students. When all these benefits are included, UCT fees are quite comparable with the fees from other universities of similar standing.

To the extent that fees *are* higher than the national average, this is matched by added benefits and value for all. For example, UCT has among the best staff–student ratios, higher investment in facilities such as classrooms and universal Wi-Fi, and better-equipped laboratories and libraries.

Furthermore, an employment survey done with other Western Cape universities showed that UCT graduates have very high rates of employment. There is no question that an investment in a UCT qualification provides one of the best returns on an educational investment.

UCT has also funded a generous missing-middle financial aid scheme, which few other universities have done. This is funded by redirecting some of the government subsidy that was funding higher income students to fund the missing middle. Note that government subsidises the education of *all* students by about 42% – excluding funding they may receive through the National Student Financial Aid Scheme (NSFAS). If those who can afford it pay slightly higher fees, we are able to allocate more of the government subsidy to financial aid for the poor and missing middle.

## **5. How does UCT assist students who cannot afford fees?**

In 2016 UCT committed a total of R126 million of its own funds to supporting undergraduate students in financial need.

Financial aid at UCT is comprehensive and based on approved full cost of study. The most financially needy students could pay R1 100 or less towards their cost of study each year. There are three ways in which financial aid is provided.

Firstly, we provide NSFAS funding to all students whose annual household income is less than R230 000. In 2016 UCT received around R160 million from NSFAS to support students requiring financial aid. NSFAS covers fees and accommodation for all qualifying students up to R71 800 (this is based on 2016 fees), and UCT provides top-up funding of up to R120 000 (depending on approved study costs) in UCT-administered bursaries.

Secondly, UCT provides GAP funding for students whose household income is between R230 001 and R600 000 (the so-called missing middle). GAP funding is covered by UCT as there is no NSFAS funding allocated for these students.

Thirdly, UCT provides a Sibling Rebate Bursary to families whose gross household income is under R750 000 with two or more siblings in full-time undergraduate study at UCT. Students whose gross family household income is above R750 000 may apply for special consideration.

[View the detailed eligibility criteria of all UCT financial aid policies.](#)

## **6. How much funding is generated from corporate, private and philanthropic funding (bursaries)?**

The Vice-Chancellor, the Development and Alumni Department (DAD) and individual faculties raise a further R280 to R300 million every year from corporates, alumni and foundations to support students in financial need. In 2015, R280 million was raised from corporates and other external funders.

## **7. How many students qualified for financial assistance in 2016?**

### **7.1 Undergraduate students funded**

A total of 6 925 undergraduate students are financially supported by either NSFAS, UCT or corporates, which translates to almost 40% of undergraduate students receiving financial assistance.

Financial aid (NSFAS and UCT top-up funding) – 2 820

GAP (UCT funded) – 887

## **7.2 Postgraduate students funded**

A total of 2 726 postgraduate students received some form of financial assistance for 2016. A significant number of these students are funded by the National Research Fund.

Qualifying postgraduate students whose gross household income is less than R600 000 in 2017 will be eligible for the government grant announced by the Minister of Higher Education and Training in September 2016.

## **8. How will outstanding 2016 fees be dealt with?**

South African students with outstanding fees of less than R1 000 will automatically be allowed to register for 2017. The UCT executive commits to the principle that, as far as possible, students who are on financial aid and/or are eligible for financial aid (inclusive of GAP students) who are academically eligible to graduate or to progress to the next academic year of study, but who are prevented from doing so because they cannot afford to pay off 2016 fees, will be allowed to graduate or progress, ie to register for the next year of study. To do so they need to submit an appeal to the Financial Aid Appeals Committee. Each case will be treated on its merits and within overall budget limitations.

## **9. What are the 2017 fee payment requirements?**

UCT does not charge a registration fee. Students will be required to make an initial payment towards their tuition fees and student accommodation. In other words, South African students may still register even if the initial payment has not been paid.

An initial payment of fees (for tuition and residence) is due by Friday, 3 March 2017. If payment is not received on or before the due date, a once-off late payment fee of 10% of the unpaid amount will be charged. The balance of student fees is required by 31 July 2017.

Please note that students on financial aid and most on GAP do not have to pay these initial fee payments. [Read more about the payment structure of UCT fees.](#)

## **10. Why does UCT have a late payment fee and charge interest on overdue accounts?**

Cash flow is what keeps any organisation, whether big or small, going and UCT is no exception. Funding from government is received from April through to November, but salaries and other operating costs have to be paid from January. Students on financial aid are provided with allowances after registration even before they have signed loan-agreement forms and UCT cannot yet claim its allocation from NSFAS. The initial payments of fees are what carry the university through this period. Without a late payment fee, we would not be able to get payments in on time.

Note, however, that financial aid and GAP students, and students receiving bursaries or scholarships, are not charged the penalty or interest on the amount paid by a sponsor if the sponsor pays after the specified dates, ie students are not penalised for delays from sponsors.

## **11. What does the government grant funding announced by the Minister of Higher Education and Training entail?**

Government, through the Department of Higher Education and Training (DHET), will subsidise the fee adjustment capped at 8% on the 2015 fee for all qualifying registered students with gross family income up to R600 000 per annum in 2017. This is not a loan but a grant. The grant will reflect as a credit against the fee on the student account. Thus the cost to the student in 2017 will be the same as it was in 2015 and 2016.

In respect of residence fees, which have been increased by 10%, the 2% above the 8% subsidised by government will be covered by UCT for all qualifying registered students with gross family income up to R600 000 per annum in 2017. These students will therefore pay the same for accommodation in 2017 as they did in 2015 and 2016.

In respect of students on financial aid in self-catering residences or in private accommodation, the accommodation and food components of their financial aid allowances will be adjusted upwards by 10%.

**12. How is government going to determine and validate eligibility?**

Only South African students and citizens with permanent South African residency who are studying towards an undergraduate or postgraduate qualification are eligible for funding in 2017. All NSFAS and UCT-bursary students are automatically eligible for this grant and will not have to apply (these students have already been means tested). In addition, students from quintile 1, 2 and 3 schools will automatically be eligible for the grant.

All students who are not automatically covered as described above, and who believe they are eligible, will have to apply for the grant on a DHET application form that will be made available before the end of 2016. The application form must be completed and sent back to the UCT financial aid office with supporting documents.

**13. Will 2016 fees be adjusted due to the protests, mini semester and deferred examinations?**

All 2016 fees were due by 30 June 2016 – any amounts not paid by then attracted a 1% interest charge monthly. Fees will not be adjusted for the period where classes were suspended due to protest as alternative methods of teaching were used to impart knowledge in order to ensure successful completion of the 2016 academic year. Also, some students will be required to attend a mini semester to complete the academic year – there will be no extra charges for this as it is still part of the 2016 academic year programme.

**14. How does the university aim to keep its operational costs low?**

The years of underfunding by government, which has been repeated for 2017, together with the increased costs of insourcing and the fact that UCT was only partially compensated for the zero fee increase in 2016, has forced us to restructure our operations in order to reduce costs. UCT embarked on an austerity project in 2016 to save R120 million on a recurrent basis by 2018. Most of the employees that have accepted voluntary separation packages or early retirements during this austerity process are professional, administrative and support staff. We believe the impact on teaching, learning and research is likely to be limited and this saving is necessary to ensure the financial stability and sustainability of UCT, and to ensure that we have the funds to undertake new strategic initiatives.

**16. Who can I contact if I need more information?**

For further information on all fees, please contact the Fees Office on 021 650 1704 or [fd-feeeng@uct.ac.za](mailto:fd-feeeng@uct.ac.za).

For all queries concerning financial aid, GAP funding, sibling rebate and the DHET grant, please contact the Financial Aid Office on 021 650 5094 or [financialaid@uct.ac.za](mailto:financialaid@uct.ac.za).