

FACT SHEET: STUDENT FEE INCREASE FOR 2016

At Stellenbosch University increases in tuition fees are determined via the University's budgetary model, with due attention to the University's value proposition which directly benefits our students. These include well-managed infrastructure; sports and recreation facilities; mentors and tutors to support academic success; student-centred social and academic spaces to facilitate learning; a world-class library and information service; campus health services; student counselling and development; one of the best through-put rates in the country and a degree that makes our alumni sought-after employees. For 2016 Stellenbosch University has received 28 000 applications for its 6 000 first-year places.

Universities function within the same economic realities as government and the business sector, and the Department of Higher Education and Training expects tertiary institutions to be financially sustainable. There has been a consistent decline in government funding for higher education, but also a consistent rise in the cost of municipal services, including electricity, property taxes and water, as well as maintenance and building costs. For the 2015/2016 period the state budget for universities amounts to 0,72% of gross domestic product. This is low relative to continental (0,78% in 2011) and international (0,84%) trends. In South Africa the state on average contributes 40% to a university's income, but Stellenbosch University receives less than 24% of its income from government.

INCREASE FOR 2016

State subsidy : inflation rate

- Academic offering is funded from two main sources: state subsidy and student fees.
- State subsidy for 2016: estimated at 3,1% compared to the expected Consumer Price Index (CPIX) of 6,2%.
- Inflation rate for the higher education sector is higher than the CPIX due to salaries (human capital), as well as maintenance and construction. A study conducted by UNISA in 2014 indicated that the inflation rate for higher education is on average 1,8% higher than the CPIX.
- The nature of university-specific activities also plays a role in this figure – which will be higher for research-driven universities such as Stellenbosch University, as expensive equipment has to be imported from abroad.
- Stellenbosch University's internal inflation for 2016 has been calculated at 9,49% (10,22% in 2015).
- If the higher education sector were to receive a state subsidy of 6,2% (equal to CPIX), a student fee increase of 8,6% would have been sufficient. If government were to allocate a state subsidy equal to the sector inflation rate ($6,2\% + 1,8\% = 8\%$), an increase of only 6% in student fees would be required.

Strategic expenditure

The University's budget is aligned with the Institutional Plan, which determines the practical implementation of Vision 2030 and the objectives stated in the Institutional Intent and Strategy, initiated by the late Prof Russel Botman: "Our point of departure is that the budget should support the strategy and that adequate funding allocations are required for the execution of the strategy."

The institution's strategic expenditure is in the interest of its student communities, and it is focused on its core activities of learning and teaching; research and innovation and social impact and transformation. Some initiatives have been initiated in previous years and are on-going, while others are new projects for 2016 and onwards.

- Campus security: Stellenbosch University has had to make a substantial additional investment in campus security over the past three years due to the rise in crime on and around campus (like elsewhere in South Africa), including kiosks on street corners, more foot and vehicle patrols, security escorts and cameras. As the continuation of these services is essential for the safety of our students, the additional costs have to be added to the annual budget. These measures are related to normal day-to-day security measures (not student gatherings and activities).
- Student facilities: As only a small percentage of students can be accommodated in university residences, Stellenbosch University has created the clusters and hubs to ensure that residential and private (PSO) students have access to similar facilities.
- Strategic expenditure also includes additional transformation initiatives such as the Office for Transformation, and close to R70 million for accelerating the diversity of senior academic staff.
- Stellenbosch University regards its physical infrastructure as a strategic asset and as an enabler for sustainable academic output and the generation of third-stream income, as well as for the implementation of the *Institutional Intent and Strategy*. The Campus Renewal Plan is based on good, long-term integrated planning and will be completed over an estimated seven year period. One of the priorities for 2016 is the refurbishment of the HB Thom theatre.
- Initiatives to support sport and recreation, student mobility, and the Information and Communication Technology project will continue next year.
- The lecturer/student ratio is under severe pressure at Stellenbosch University and additional funding is required to address academic risk.

Bursaries and loans

Stellenbosch University offers undergraduate merit bursaries (based on academic performance) for all qualifying students; undergraduate recruitment bursaries for black, coloured and Indian students only; meritorious bursaries for poor students, determined through a means tests, and postgraduate bursaries.

In 2010 SU allocated R71,1 million from its main budget to student bursaries compared to R104 million in 2014. Of the 18 254 undergraduate students in 2014, 7 369 students received bursaries. Of these 7 369 bursary recipients, 4 066 are BCI students. Up to 2013 recruitment bursaries were a fixed amount per annum, but this was changed from 2014. When tuition fees are increased, recruitment bursaries are increased accordingly. Enrolled students who have been disadvantaged by the pre-2014 arrangement, will be given additional financial assistance.

In 2000 some 28% of students received bursaries. In 2015 the figure stands at 38%. Almost 50% of student fees are given back to students in the form of bursaries. For 2016 the University has allocated R134 million from the main budget for bursaries.

Stellenbosch University is committed to assist financially disadvantaged students. It is unlikely that a student, who qualifies according to the NSFAS means test, will not be assisted in some way by the bursaries and loans office. Where students qualify for additional financial support recruitment bursaries can be topped up from other funding sources.

Students with approved bursaries and loans may present proof at registration and do not have to pay the first instalment up front. Students without financial assistance may also pay the first instalment over three months.

Due to shrinking state subsidies and in an attempt to contain tuition fees, Stellenbosch University follows an integrated, 6-year rolling budget model. This places the University in the unique position to accurately predict strategic expenses and subsequent increases after 2016 are expected to be lower than the 11,5% required for 2016.

The surplus of R1,4 billion indicated in the 2014 annual report flows restricted funds such research contracts and interest on investments. Funds generated through research contracts benefit students through bursaries for postgraduate studies and equipment.

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